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Annual Report 2021

AJIB

Arab Jordan Investment Bank

AJIB

Arab Jordan Investment Bank

43rd Annual Report

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Board of Directors

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Chairman of the Board

Mr. Samer Al-Qadi
Representative of Rawnaq Al Thiqa Company for Commercial Investments
Vice Chairman

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Representative of Libyan Foreign Bank
Member

His Excellency Mr. "Mohamad Sharif" Al-Zu'bi
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Mr. Khaled Zakaria
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Mr. Sa'ed Budeiri
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Mr. Fahad Al-Huqbani
Representative of the Arab Investment Company
Member

Mr. Wael Al-Qadi
Representative of First Bayraq Al Ordon Investments Company
Member

Mission Statement

To be recognized as the leading bank in Jordan and the region; in products, and in the use of technology, by being customer-focused, innovative and having customer-service excellence and highly skilled employees.

Chairman's Message

Ladies and gentlemen, shareholders of Arab Jordan Investment Bank,

On behalf of the Arab Jordan Investment Bank (AJIB) Board of Directors, I am delighted to present the bank's 43rd annual report, detailing our achievements for 2021, the consolidated financial statements and our strategic vision for 2022.

This past year was one full of significant challenges resulting from the continued grip of the coronavirus (COVID-19) pandemic and its negative effects on the global economy as well as its repercussions on the national economy. Despite this, the bank continued to work dynamically, addressing the challenges and the state of uncertainty surrounding global economic variables, thanks to the solid capital base of its financial position and the efforts of its management team and staff, who continued to deliver the best services to customers.

The global economy in 2021 faced challenges involving the ability to support recovery efforts from the pandemic and to minimize its effects on both companies and individuals, especially with the continued spread of the virus's variants, such as Delta and Omicron. This has forced many countries to reimpose movement restrictions, in addition to the resulting increase in energy prices, interruptions in supply chains, and shortages of raw materials such as electronic chips. This, in turn, caused higher inflation, including in the United States and the eurozone countries as well as in a group of emerging and developing markets.

In the United States, the economy grew by 5.7% in 2021, which is its strongest it has been since 1984, after contracting by 3.4% in 2020, driven by strong stimulus packages. Growth trends, however, slowed in the second half of the year with the emergence of problems in supply chains, the labor market, and high inflation rates that reached their highest levels in 40 years, recording 7%.

Growth prospects in China began to decline in the second half of last year due to the real estate sector crisis and the slow recovery of private consumption, with interruptions in industrial production due to electricity problems and the reduction of public investments.

Accordingly, international economic institutions have revised their estimates of global growth down to 5.9%, in view of the discrepancy in the deployment of vaccines, with approximately 55% of all individuals around the world receiving at least one dose. It was also the result of the emergence of the Omicron strain of the coronavirus at the end of November 2021, which threatened this fragile recovery with a new setback.

The new strains of the virus were not the only threat to the global economy, but the inflation that continued to rise in the second half of 2021 became the main concern of monetary policymakers, as the prices of oil, natural gas, coal, and minerals doubled, and food prices rose by more than 28%, according to estimates by the Food and Agriculture Organization.

Expansionary trends dominated monetary policy around the world for most of the past year in order to support recovery from the pandemic, with the adoption of accommodative guidelines to provide the necessary support, liquidity, and credit to the private sector. Interest rates recorded zero and negative low levels in developed countries, emerging markets, and even developing countries. However, in view of the widening wave of inflation, a number of central banks hinted at the imminent return of the normal courses of monetary policy. Some of them preferred a gradual withdrawal from quantitative facilitation programs, and at the beginning of 2022, the Federal Reserve decided to accelerate the reduction of asset purchases and sent signals to raise interest rates several times during 2022. The European Central Bank announced the end of asset purchases in March 2022, opening the doors to increasing interest rates.

Despite the improvement in economic performance in 2021, the pandemic continued to cast a heavy shadow on large economic sectors around the world. The global tourism sector, which achieved a total output of $1.9 trillion, is still lower than pre-pandemic levels when it recorded $3.5 trillion, while the International Air Transport Association raised its estimates of airline losses to $200 billion.

Regionally, Arab countries witnessed different trajectories of economic recovery in 2021, with varying levels of progress in implementing national vaccination campaigns, and the extent to which governments were able to support recovery. By the end of the year, vaccination levels ranged between 40% and 87%, which eased economic restrictions in many countries and contributed to the recovery of some sectors such as exports, construction, foreign trade, public works, manufacturing, pharmaceuticals, and communications, supported by financial stimulus packages, whose value exceeded $340 billion during 2020 and 2021.

According to International Monetary Fund estimates, the countries of the region achieved economic growth of 4.1% in 2021, compared to a contraction of 3.8% during 2020, when the gradual increase in oil production in the countries of the region under the agreement of the OPEC+ alliance accompanied successive increases in crude prices, and industrial activity rebounded. This was accompanied by an increase in consumption and demand as well as an increase in remittances from expatriates.

At the local level, most national economic indicators showed an improvement in performance during 2021, compared to the contraction that overshadowed them in 2020, with the gradual return to work in all economic sectors.

The GDP at constant market prices recorded a growth of 2.1% during the first three quarters of 2021, compared to a contraction of 1.5% during the same period of 2020. As for GDP at current market prices, it grew by 3.1% compared to a contraction of 1.8% during the same period of 2020.

The inflation rate for 2021 increased by 1.35% compared to 0.3% in 2020, which was accompanied by a rise in the prices of food, transport, and fuel, a reflection of the rise in the prices of basic commodities and energy in global markets.

In the local labor market, the unemployment rate reached 23.2% during the third quarter of 2021, compared to 23.9% for the same period in 2020, down by 0.7 percentage points. Unemployment is still high among university degree holders, reaching 27.8% during the third quarter.

The Jordanian real-estate market showed improvement during 2021 compared to the previous year, as the trading volume increased by 8% to record JD5.021 billion, coinciding with an increase in the estimated value of sales to non-Jordanians during the year 2021 by 9% to reach JD257 million.

The Amman Stock Exchange indicators reflected the economic improvement, as the total trading volume recorded JD2 billion, compared to about JD1 billion for 2020. The number of traded shares reached 1.5 billion, compared to 1.1 billion in 2020. As for the weighted index, it rose 27.8% to record 2,118.6 points by the end of the December 2021, compared to 1657.2 points at the end of December 2020, and the market value of the shares listed in 2021 increased by 20% to reach JD15.5 billion.

In terms of foreign trade, the trade balance deficit increased by 31.9% during 2021 to JD8.701 billion, despite the increase in national exports by 19.7% to JD6.04 billion, and re-exported items by 1.4% to record JD604.3 million. Imports, however, jumped 25.4% to record JD15.345 billion, causing an escalation of the deficit in light of the rise in the oil import bill by 43%, recording JD1.836 billion.

Tourism is still far from its performance levels in 2019, despite the growth of tourism income by 90% during 2021 to reach JD1.9 billion, with the number of overnight tourists increasing by 90.2% to 2.359 million. This was accompanied by a slight improvement in the remittances of workers abroad, which rose by 1.1% in the first 11 months of 2021 to reach JD2.2 billion.

In terms of public finances, public revenues during the first 11 months of 2021 amounted to JD7.303 billion, of which external grants amounted to JD584 million and local revenues amounted to JD6.719 billion, while spending rose by 8.2% to JD8.8 billion.

Accordingly, the fiscal deficit rose to JD1.487 billion by the end of November 2021, compared to a deficit of JD1.768 billion for the same period in 2020. The balance of the total government debt amounted to JD35.353 billion, constituting 110.4% of the GDP.

In light of these conditions, the Central Bank of Jordan continued its policy of furthering monetary and financial stability in light of the continuing repercussions of the pandemic on the national economy, keeping interest rates on monetary policy tools constant during 2021. The main interest rate remained 2.5%, as part of the measures taken to contain the repercussions of the pandemic on all economic activities in order to reduce the cost of financing, contribute to the agility of the national economy, and enhance the chances of restoring economic activity and recovery.

During 2021, the Central Bank raised the loan ceiling to support small and medium-sized companies from JD500 million to JD700 million, with beneficiaries granted financing with a lending interest not exceeding 2%. The measures taken by the Central Bank of Jordan have contributed to enhancing economic activity, stimulating domestic demand and increasing credit granted to various economic sectors, in light of the rise in foreign reserves by the end of 2021 to their highest levels in history, exceeding $18 billion, which is enough to cover the Kingdom's imports of goods and services for a period of 10 months.

With regard to AJIB's performance indicators during 2021, the bank was able to achieve profits amounting to JD18.163 million after tax, with a growth rate of 57.4% due to the bank's precautionary provisions against the coronavirus pandemic effects in the previous year. These outstanding results came despite the stressful and unfavorable conditions caused by the coronavirus pandemic in the bank's operation areas and at all political and economic levels.

Customer deposits also increased by 2% to reach JD1.238 billion at the end of 2021, while direct credit facilities increased by 3.5% to reach JD886.1 million.
The bank maintained the integrity of its credit portfolio and the quality of its assets, recording a ratio of non-performing loans to total facilities in 2021 of 1.18%, compared to 1.64% in 2020, which is one of the lowest ratios among Jordanian banks. The capital adequacy ratio reached 17.43% in 2021, which is in compliance with the Basel III requirements, far exceeding the required global and local ratios of 8% and 12%, respectively, which confirms the strength of the bank's financial position.

Based on the results achieved in 2021, the AJIB Board of Directors recommended to the General Assembly the distribution of cash dividends of JD15 million, representing 10% of the bank's capital.

I am pleased to report that the AJIB acquired the business of the National Bank of Kuwait in Jordan in mid-February 2022, with the approval of the Central Bank of Jordan, and the total assets and liabilities of the National Bank of Kuwait Jordan will be transferred to AJIB in the second quarter of 2022.

This ambitious step is in line with AJIB's expansion strategy, which has accelerated over the past few years, during which it also acquired HSBC's banking business in Jordan. The acquisition of National Bank of Kuwait Jordan also highlights the strength of the bank's financial position and its leading status in the local banking market.

In conclusion, I would like to extend my gratitude to our shareholders and clients for their trust in the Arab Jordan Investment Bank and their continued support. I extend my deepest appreciation to the fellow members of the Board of Directors for their role in implementing the bank's strategy and to all members of the bank's staff for their sincere and tireless efforts. We renew our full commitment to providing the best banking services and elevating our institution to the highest levels of excellence.

Hani Abdul Qader Al-Qadi

Chairman of the Board of Directors

Our Achievements During 2021

Our Achievements in 2021

1. Corporate Banking Department

Despite the continued effects of the coronavirus pandemic, the emergence of mutated strains, as well as negative consequences that have affected global economies, including Jordan, Arab Jordan Investment Bank continued to play its role in support of the national economy, working to empower all the country's economic sectors by fulfilling their needs through various services and banking products, thus proving its ability to deal with emerging developments with agility and strength.

In 2021, the Corporate Banking Department continued financing operations for the corporate sector through a package of aligned and integrated measures that were developed with the current environment in mind in order to benefit the national economy.

The bank's strategic plan also helped achieve its objectives by maintaining performance indicators in general and continued to provide the necessary liquidity for the country's economic sectors to ensure the constant flow of exports and imports.

The bank's strength was evident through the Corporate Banking Department and the Small and Medium Enterprise (SME) Department, which began operations in 2020 with an action plan based on managing the bank's credit portfolio and continuing to strengthen credit relations with customers, keeping pace with the growth in their investments and providing them with support after a thorough analysis of their financial needs.

The department also worked to counter the negative repercussions of the coronavirus pandemic on its customers by restructuring and rescheduling any obligations that they could not fulfill. The coronavirus crisis highlighted the bank's sophisticated and secure technological infrastructure, as well as its e-business portal that allows customers to conduct their banking operations electronically.

The bank also maintained the high-quality indicators of its credit portfolio by adhering to the criteria for granting credit facilities according to well-studied and acceptable risk ratios.

2. Retail Banking Department

In line with AJIB's strategic plans for delivering the best banking services as well as remaining up to date with the latest developments in the banking sector, the bank was able to raise the efficiency of its employees, improve service levels through new and competitive packages of banking products and services, and develop new programs that meet the unique needs of its diverse client base.

During 2021, the bank's mobile phone app was redeveloped and redesigned with new exceptional features that provide customers with the ability to securely and easily control their money and manage their accounts electronically. Clients can now activate and stop credit cards, print credit card statements and make payments from their accounts through their mobile devices. The app also supports the E-Fawateercom electronic payment platform, offering the ability to transfer and receive funds nationally and internationally in both Jordanian dinars and foreign currencies, as well as other banking services including requesting cheque books, displaying pictures of cheques, loan applications, and calculating interest on bank deposits.

AJIB also continued to keep pace with the latest technological advancements, developing and launching the CliQ service, which allows users to immediately transfer funds to participating local banks, instantly receive money transfers with the possibility of returning them to the sender, send a request for payment, as well as approve or reject a request for a payment.

In order to further direct services and ensure the highest quality solutions are always provided to clients, AJIB prepared a questionnaire that was filled out by call center agents, assessing the reasons behind account closures as well as levels of client satisfaction.

Queueing systems have been deployed at all the bank's branches that generate reports allowing management to monitor employee performance as well as the quality of the services provided to customers. This is part of the continued efforts to improve and develop performance levels as a way of ensuring effective and efficient customer service.

AJIB understands the importance of continued training and its impact on raising employee experiences and refining their skills. Throughout the coronavirus pandemic, the bank continued to offer all its employees intensive courses, which saw the participation of branch managers, customer service officers and supervisors, tellers and head tellers, members of the sales team as well as Prestige Center employees. The courses were designed to further the professional skills of participants, increase their productivity and raise service levels offered to customers.

3. Trade Finance Department

Maintaining trade flows and trade financing is at the forefront for commercial banks, as they are the main conduit for filling in the gaps of meeting customer financing needs by providing liquidity that allows the flow of goods and services, as well as the associated cash flows.

The coronavirus pandemic caused a deep global economic crisis and a shock to demand, production and logistics, reducing exports and leading to disruptions in supply chains. This placed banks under pressure to roll out appropriate policies that facilitate the necessary trade financing to both individual and corporate customers as well as other measures that would counter the negative effects of this pandemic on individuals and enterprises.

AJIB is a strategic partner in ensuring business continuity for enterprises, believing that every effort must be made to reduce any turmoil today and in the future by providing short or long-term financing tools according to specific criteria, such as letters of credit and the necessary liquidity for exporters to finance production process costs. The bank also applied the same to importers, whose revenues dropped, giving them the necessary credit to purchase products and services, implement infrastructural projects or finance imports, in addition to providing services related to letters of guarantee, policies under collection, various commercial loans, and discounting bills of exchange or shipping documents. The bank also offered products designed to facilitate operations related to imports and exports and worked to meet the commercial needs of customers according to the requirements of the local and foreign markets to ensure that the road to recovery is paved.

4. VIP Banking Department

AJIB continued its intense efforts to provide services to clients according to the best international banking practices. In this regard, the VIP Banking Department continued to build solid relationships with its major corporate and retail clients in order to facilitate their work and provide them with the best and most innovative services and products. The VIP department is ideal for clients who seek excellence and a unique experience of unparalleled banking services.

5. Transfers Department

AJIB worked to maintain its position as an innovator in the field of transfers, offering clients a package of outstanding services and effective work systems to ensure that transfers are received by beneficiaries in record time through easy-to-use effective channels. The bank provides online transfer services through AJIB Online and AJIB Mobile app, as well as the option of using the wide branch network available throughout the Kingdom, staffed with qualified teams who provide the best services in record time. AJIB also facilitates the receipt of local and international transfers, which are processed rapidly.

As part of its efforts to offer its clients the latest developments in the banking industry, the bank implemented the CliQ service, which allows users to transfer funds immediately to participating local banks, receive an immediate money transfer, return transfers, send payments requests, and approve or reject incoming payment requests.

6. International Investments Department

AJIB has maintained its leading position in providing international investment services based on its previous achievements, long experience and extensive knowledge at the local, regional and international markets.

In 2021, the bank introduced a range of products and services designed to provide solutions that grow and manage personal wealth. The bank also offered clients the opportunity of benefiting from short-, medium- and long-term capital growth in order to advance their investment portfolios.

Portfolio Management

AJIB's team has extensive experience in the field and is supported by cutting-edge solutions that allow clients to make informed investment decisions while remaining up to date on the latest developments in the marketplace. This ensures that personal financial portfolios are perfectly compatible with long-term objectives through a mixture of international stocks, fixed income, joint investment funds, precious metals and commodities.

Investment Services

Throughout 2021, AJIB provided exclusive solutions for managing wealth, each designed to address the latest developments and client needs, which have proven to be effective and positive in spite of the difficult international financial market conditions. A dedicated team analyzed market trends and examined global economic developments to ensure better performance, increased profitability and focus on diversifying assets as an important factor in order to secure better returns on the financial portfolios of clients.

7. Prestige Service and Wealth Management

In 2021, AJIB continued to provide its Prestige personal banking service, which offers exclusive products and services at high levels of excellence through its team that boasts extensive expertise in the field, as well as unmatched levels of professionalism. AJIB Prestige clients enjoy a diverse set of exclusive benefits, including preferential and competitive interest rates, offered through a network of seven Prestige service centers located at the headquarters building, as well as branches located at the Interior Ministry Circle, Abdoun, Bayader Wadi Al-Sir, Tla' Al-Ali, Wadi Saqra, and Dabouq.

AJIB Prestige wealth management services include a range of advanced investment products and services in the local, regional and global markets, delivered by a dedicated team in wealth management, that are designed to meet individual needs and achieve the highest returns while maintaining the financial solvency of clients.

AJIB Prestige also provides insurance services as part of the Prestige Life program, offered in cooperation with MetLife Jordan, an American insurance company. This program includes a group of sub-programs of specialized insurance plans such as life insurance, retirement insurance, investment insurance and education insurance, all delivered by a team of professionals.

In 2021, the bank offered its relationship managers the opportunity to further their knowledge through training and qualification programs as a way of continuously developing and offering high net-worth clients a distinguished banking experience.

8. Treasury Department

For the second year since the onset of the coronavirus pandemic, the Treasury Department maintained its positive performance despite the extraordinary circumstances thanks to its flexibility and adaptability to market variables, and by investing in programs and incentive schemes issued by the Central Bank of Jordan, which benefited both the bank's clients and its investment portfolio.

The department played an outstanding role in serving clients by taking the necessary decisions, providing investment instruments and preparing contracts and options in order to confront any fluctuations and risks in the market.

The Treasury Department maintained high levels of liquidity in 2021 compared to previous years despite the continuation of the pandemic and had a significant influence on increasing the bank's revenues. The department was also able to provide the necessary requirements to achieve growth for the bank's credit and investment portfolios, in line with the policies adopted by the bank and the Central Bank of Jordan's instructions.

Throughout the year, the department focused on reducing the cost of funds and improving the interest margin while maintaining a balanced growth in the volume of customer deposits and market share.

In 2021, AJIB was successful in reducing the negative impact of low interest rates on the bank's actual and estimated budgets, particularly when studying economic indicators and the timing of decisions by the Central Bank throughout the year. This created opportunities for the bank to redirect previous influences into positive effects on its banking and investment activities. AJIB also played an effective and important role in Jordanian capital and money markets, with a majority share of these dealings contributing to increasing returns, particularly in lending, government bonds and Jordanian treasury bills.

These results confirm AJIB's ability to continue its strong performance and growth, reflecting the solidity of its financial position, its balance sheet and the prudence of its existing strategy.

9. ATMs and Cards Department

The bank continued to develop its electronic payment services in order to meet the unique needs of its clients through a diverse and comprehensive package of credit cards. The bank offers credit and debit cards in all categories, including contactless payment technology, which is up to date with the latest global banking trends and allows transactions to be made quickly, easily and safely by scanning the card on point-of-sale devices and within the limits set for them (JD55 per transaction, with a daily limit of JD150). The technology also reduces contact, which is safer in light of the ongoing coronavirus pandemic.

The bank's ATM network was strengthened, with 45 ATMs in Jordan replaced with newer, more advanced machines. It also added new ATMs in the strategic locations of Shafa Badran, Marj Al-Hamam and the Sweileh roundabout, bringing the number of branded ATMs to 67, while simultaneously offering customers the ability to to use more than 1,000 ATMs through its local ATM network (JONET).

In 2021, the department launched a system to monitor ATMs and report any issues through the call center as a way of ensuring optimal functioning and uninterrupted services.

AJIB uses modern and advanced technologies to keep pace with those services provided through electronic channels, aimed at protecting customer information and data to prevent unauthorized users from accessing that data. Customers are also directed to take all possible means to preserve their data. The bank continued to monitor suspicious movements on cards, in addition to issuing related reports through the call center around the clock.

The bank also worked to protect the financial transactions for clients with disabilities and practice equality among all segments of society, which is in line with its commitment to the Central Bank of Jordan's instructions and its belief in the advancement of financial inclusion for all segments of society. To that end, ATMs were installed that offer voice services through special headphones supported by a custom keyboard.

10. Retail Branches and Office Network

AJIB continued its expansion efforts to reach the highest number of customers. In 2021, a new branch was inaugurated in the Bab Al-Madina market in King Abdullah bin Abdulaziz City in Zarqa, bringing the total number of branches and offices to 35.

Renovation work has been completed at the Abdali Mall branch, which was moved from the second basement floor to the first floor, allowing for easy access. The Tla' Al-Ali branch, which is one of its oldest and most central branches, was also renovated.

In Irbid and its suburbs, the Al-Hosn Street office was renovated, and its working hours were modified and extended to meet the needs of area residents.

In addition, eight branches throughout the Kingdom have been assigned to serve customers with disabilities, offering them ease of access and a complete line-up of services, a move that is in line with AJIB's commitment to the Central Bank of Jordan's instructions to protect customers with disabilities.

11. Information Technology Department

In 2021 AJIB continued to provide services to its clients in order to facilitate their efficient access. To strengthen its technological foundations, AJIB continued to upgrade its infrastructure and its communication systems following the best criteria to ensure the quality and continuity of the service provided to its clients and the flow of work, even during crises, in addition to adopting the best banking practices for the purpose of upgrading work and evaluating risk.

The bank added new and multiple levels of security at its headquarters, the alternative disasters recovery site and at all branches, providing a safe environment for customers and their data and protecting banking systems against the increasing growth in cyber-attacks, in accordance with the best approved local and international standards.

To advance its technological infrastructure, the bank continued to develop and modernize its systems and follow the best standards to ensure the quality and continuity of services provided to customers and the flow of work. The bank recently inspected the alternative site and the services it provides.

With regards to the governance of information technology, AJIB continued to evolve the Information and Affiliated Technology Governance Framework (COBIT 2019), which seeks to achieve the optimum benefits from information technology at the lowest possible risk levels and with the use of the least resources. This framework includes a group of operations and practices that cover various departments at the bank by highlighting cybersecurity issues, risk management, the privacy and protection of data, compliance, control, auditing and strategic fit. This is part of the bank's efforts to attain the third level of maturity in the information and technology governance processes affiliated with COBIT 2019 with the participation of the board of directors, the executive management and all staff members. The methodology followed was based on managing information technology, preserving its operations and implementing the necessary procedures to achieve the bank's strategic plans.

The bank was awarded the PCI DSS certificate for the seventh time in a row in recognition of its compliance with the Central Bank of Jordan's instructions and its ability to maintain a secure environment to protect card operations, which was reflected positively in the quality of services provided.

Additionally, the bank applies the ISO 27001 information security standard to improve information security management in a systematic manner through the application of organized and interconnected security controls. The bank carries out systematic and regular examinations of the organization's information security risks, considering threats, weaknesses and impacts, and the application of a comprehensive package of information security controls to address unacceptable risks. It has also adopted a comprehensive management process to ensure that information security controls continue to meet the needs of the bank in this regard, on an ongoing basis.

The bank also continued to review and work on the latest developments and circulars issued by official authorities, including the Central Bank of Jordan, regarding security gaps and vulnerabilities announced globally to ensure the implementation of the necessary measures to protect information security.

The bank paid special attention to electronic payment channels, launching CliQ, a direct and immediate payment system that allows customers to transfer and receive funds easily and instantly without any commissions. The system also supports requests for money transfers.

The bank also launched Direct Pay, an immediate payment service through E-Fawateercom that offers access to e-government portals without the need to log in to the bank's app, facilitating payments for customers.

The bank has also redesigned and upgraded its mobile banking app in order to improve the user experience. The new version boasts a new and distinctive look, and is available for Apple, Android and Huawei phones. Customers can now open sub-accounts through electronic platforms without the need to visit a branch.

AJIB branded MasterCard cards can be issued contact-free, and card limits for purchases on the Internet can be changed through the mobile application, which allows further flexibility.

Customers can also update their contact information through the bank's e-channels, reducing the need to visit a branch.

The bank is directly linked with the Social Security Corporation to facilitate the process of automatically sending the international number of a client's IBAN to the company, and work is ongoing to continuously develop the ATM network in order to meet regulatory requirements and to ensure the highest levels of security for customers.

Internal systems and infrastructure are also continuously developed to provide smooth and high-quality services to customers.

12. Administrative Affairs, Human Resources and Training Department

As the pandemic entered its second year in 2021, the Human Resources Department worked to overcome the exceptional circumstances by achieving a balance between maintaining the health and safety of employees and their families from coronavirus while simultaneously maintaining the provision of its services, in view of the defense orders issued by the government and the instructions of the Central Bank.

The bank implemented the highest levels of care and caution through preventive measures in the workplace, adherence to social distancing protocols, maintaining social distancing in public administration buildings with a minimum number of employees, and allowing them to work remotely, if possible, all in accordance with response and business continuity plans.

The bank launched a vaccine campaign for all employees and their families, offering both doses at its headquarters, in cooperation with the Ministry of Health and the National Epidemiology Committee under the supervision of the bank's health clinic.

The Human Resources Department continued to implement projects and initiatives in line with the bank's strategic plans, the most prominent of which was the launch of the new Human Resources System (HRMS) in the first quarter of 2021. In spite of the limits imposed by the pandemic, the bank was able to effectively deploy its human resources team to accomplish the requirements of the system on time and highly effectively.

The bank also activated the self-service system, which enabled employees to view their personal data easily without referring to the Human Resources Department.

The bank continued to advance its recruitment processes in accordance with its strategic plans of identifying and addressing any gaps between the existing workforce and future human resource needs. Priority was given to internal recruitment and according to the approved career paths for employees. The bank's approach was directed at setting policies that provide opportunities for internal career development, allowing employees to change roles in order to diversify, enhance and enrich their experiences in impartial, transparent conditions, and with equal opportunities for all.

In 2021, as restrictions due to the pandemic were gradually eased, the Training Department began offering activities that allow employees to raise their skills and keep pace with changes in the business imposed by the pandemic, particularly in the areas of information security and emerging practices, while maintaining employee health and safety and ensuring business continuity.

A number of activities and training programs focused on building employee capacities, as well as furthering their knowledge and skills were implemented, with 1600 total participants including managers, administrators, and employees taking part. Some bank members took part in several programs, with 51 courses, programs, workshops and conferences offered, both locally and internationally, through visual communication and self-study.

One program included all branch employees and managers in the field of customer service, sales skills and banking products, allowing them to improve, provide even better services and increase sales. The department also launched the KnowBe4 e-learning platform, one of the most famous global systems in electronic training, especially in the field of information protection and security, which was completed successfully by 619 targeted employees.

Employees also participated in seminars, workshop and courses held by financial training centers and specialized and international agencies, including Moody's Analytics Agency, Frankfort School, JP Morgan Chase School of Finance, and KROLL Foundation, in addition to participation with regional organizations such as the Union of Arab Banks.

In its efforts to raise staff capacities to the highest professional and international levels and standards, 13 employees obtained specialized professional certificates, including CAMS, COBIT2019, 6 Sigma, CIA, PMP Project Manager and Certified Sanctions Specialist CGSS, in addition to specialized diplomas from the Institute of Banking Studies, including one in credit, one in compliance. Employees also participated in local training programs in credit risk management, finance, compliance and information technology, and attended several conferences with Arab and international participation.

AJIB continued its cooperation with higher education institutions. The bank's Training Department supervised 12 trainees from various Jordanian and foreign universities, which are part of the students' university requirements.

The department looks forward to continuing its development activities during 2022 and expanding its scope of work to meet the growing needs of our human capital based on its strategic plans, including initiatives and projects that reinforce its role of advancing the work level and offering advanced systems and services, particularly in technology.

13. The Cyprus Branch

Cyprus enjoys an open and free market economy based on services with some light manufacturing industries. Internationally, Cyprus promotes its geographical position as a bridge between East and West, has an educated English-speaking population, moderate cost of living, good air transport routes and a strong communications network.

Since gaining independence from the United Kingdom in 1960, Cyprus has recorded distinguished economic performance, reflected in strong growth, good employment conditions and relative stability. The underdeveloped agricultural economy inherited from colonial rule has transformed into a modern economy with dynamic services, industrial, agricultural and tourism sectors and a developed physical and social infrastructure.

Cypriots are among the wealthiest in the Mediterranean region, with per capita GDP in 2021 exceeding $29,000 in nominal terms and $42,000 of purchasing power.

In addition, Cyprus is a member of the European Union (EU) and the Cypriot government encourages foreign direct investment (FDI), as the Cyprus Investment Promotion Agency (CIPA) is promoting investment in its traditional sectors such as shipping, tourism, banking, financial and professional services, while newer sectors continue to provide opportunities for foreign direct investment, particularly in energy, film production, investment funds, education, research and development, and information technology.

CIPA is largely focused on promoting the country's achievements outside Cyprus. However, the status of the divided island remains an obstacle to attracting foreign direct and aggregate investment from all over the world.

Since its establishment more than 30 years ago on the island, Arab Jordan Investment Bank has been part of the success story of Cyprus, through its two branches in the capital, Nicosia, and in Limassol, providing an entire range of banking services professionally, efficiently and with a high level of commitment to reinforce strong and long relations with clients.

14. The United Arab Jordan Company for Investment and Financial Brokerage

In 2021, the United Arab Jordanian Investment and Financial Brokerage Company continued to offer its services in the field of buying and selling local shares and bonds in an ideal and comfortable climate for its clients.

The Amman financial market witnessed an increase in trading volume during 2021 compared to 2020, with the total trading volume at the end of last year amounting to approximately JD1.963 billion, compared to JD1.048 billion in 2020. The total number of shares traded during 2021 increased to 1.538 billion shares compared to 1.142 billion shares in 2020. The general stock price index closed at 2118.65, up by 461.43 points, or an increase of 27.8% from its level recorded at the end of 2020, which was 1657.22 points.

15. Arab Jordan Investment Bank (Qatar)

The Qatari economy has shown resilience during the coronavirus pandemic, recording 4% growth in the third quarter. Qatar's GDP is expected to grow by 2.7% during 2021 in light of easing travel restrictions and the improvement in the pace of commercial activity, and the economy is expected to grow at an average rate of 2.8% between 2022 to 2024. This comes after the 3.6% contraction in the Qatari economy in 2020 as a result of the pandemic's repercussions.

It is expected that the non-oil and gas based activity will benefit significantly in 2022 from the FIFA World Cup, in addition to the flow of investments within the framework of the economic diversification agenda. The rise in gas prices, along with fiscal consolidation efforts, will lead to a public finance surplus once again.

Qatar's credit rating remains strong (AA- from Fitch), supported by high external reserves and effective economic policies adopted by the authorities. Fluctuations in energy prices and high levels of debt are the most prominent long-term risks to growth prospects, while improving relations with neighboring countries represents a positive development.

Despite the unfavorable conditions witnessed by the banking market, the performance of Arab Jordan Investment Bank Qatar remained strong and continued to achieve stable positive results and strong financial indicators. It has built a strong base that allows it to continue meeting challenges and supporting the needs of its clients, maintaining high levels of long-term stability and strong capital levels that will sustain its future growth.

The bank continued to maintain its position in the Qatari market and the Qatar Financial Center, thanks to the directives and plans devised by the Board of Directors, the collective efforts of all employees, customer loyalty and the continuous support of shareholders.

16. Jordan International Bank (JIB)

Jordan International Bank (JIB) - London is an affiliate company of AJIB, which owns 25% of JIB's capital.

JIB provides commercial financing, private banking services and treasury services to a select group of companies and individuals, in addition to short-term loans for real-estate developers and investors in London and in south England.

JIB recorded total operating profits before taxes of £2.8 million in 2021, compared to £2.1 million in 2020. Continuing its steady annual growth, it recorded £384 million in assets at the end of 2021, compared to £372 million at the end of 2020.

2022 Business Objectives

2022 Business Objectives

- Expand and diversify the retail banking client base by welcoming in new segments and sectors while continuing to upgrade the already outstanding level of banking services provided to them in a manner that ensures the provision of a unique experience based on excellence in services and products that are compatible with their growing needs in order to maintain their confidence.

- Continue to focus on the VIP and Prestige customers through our specialized and highly qualified team, which caters to the needs of the sector with the most up-to-date services, sage advice as well as the guidance necessary to grow their wealth.

- Continue our vital developmental role in the corporate banking services sector, and work to maintain the economic and financial objectives of our clients, in addition to providing financial advice and guidance according to the market requirements and conditions, ultimately reinforcing client experiences by providing an integrated package of banking products and services.

- Increase our corporate client base, particularly in vital sectors such as industry, trade, energy, and transport. We will also work to identify new and promising segments in accordance with the bank’s prudent policy that ensures unity between the quality of credit facilities offered and the ratio of weighted risks.

- Continue to be a pioneer in electronic banking systems and the latest financial technologies (Fintech), strengthening client experiences by facilitating their work and ensuring the highest levels of security by implementing a package of projects and programs based on the bank’s digital transformation strategy. This will be supported by the bank’s previous successes in using Blockchain, the first financial institution in Jordan and the region to use this technology.

- Achieve the highest levels of operational efficiency by focusing on expanding the client base in the field of commercial and demand deposits, which is deemed to be less costly and supports the bank’s performance indicators.

- Expand the bank’s branch and ATM network in select locations to guarantee convenience and around-the-clock accessibility for clients. Furthermore, the bank will continue to evaluate its expansion outside of Jordan.

- Advance our human resources and reinforce their development by introducing them of the latest services and technologies and equipping them with advanced skills through our specialized training programs. This, in turn, will guarantee that the bank maintains the highest standards and will reflect positively on clients.

Summary of Key Financial Indicators

Summary of Key Financial Indicators for AJIB

(JD Million)

Statement/Year	2021	2020	2019	2018
Total Assets	2300.9	2200.2	2132.1	2033.1
Net Credit Facilities	863.9	833.0	815.5	752.7
Financial Assets at Amortized Cost	734.7	687.6	711.6	688.0
Customer Deposits and Cash Margins	1238.5	1215.9	1132.6	1069.6
Total Equity	228.9	224.6	215.9	215.4
Gross Income	62.0	63.4	58.2	58.1
Net Profit Before Tax	28.5	17.0	23.7	24.4
Net Profit After Tax	18.2	11.5	16.2	16.8
Net Shareholder Profit after Tax	17.1	10.8	14.9	15.5
Market Value	211.5	178.5	196.5	192.0
Share Price by End of Year (JD)	1.41	1.19	1.31	1.28
Earnings Per Share (JD)	0.114	0.072	0.099	0.103
Proposed Dividend Distribution (JD)	0.10	0.10	0.00	0.09

Strength and Durability of the Financial Position

- A steady growth in the volume of operations, with total assets reached JD2.3 billion by the end of 2021 with a growth rate of 4.6% compared to 2020 while maintaining acceptable risk ratios.
- Despite the economic and political challenges and the continued effects of the coronavirus pandemic, which affected the world's economies in general and Jordan's in particular, the credit facilities portfolio grew significantly during 2021, with a growth rate of 3.7%.
- The capital base is strong enough to meet the normal and calculated credit risks of the bank.

(JD Million)

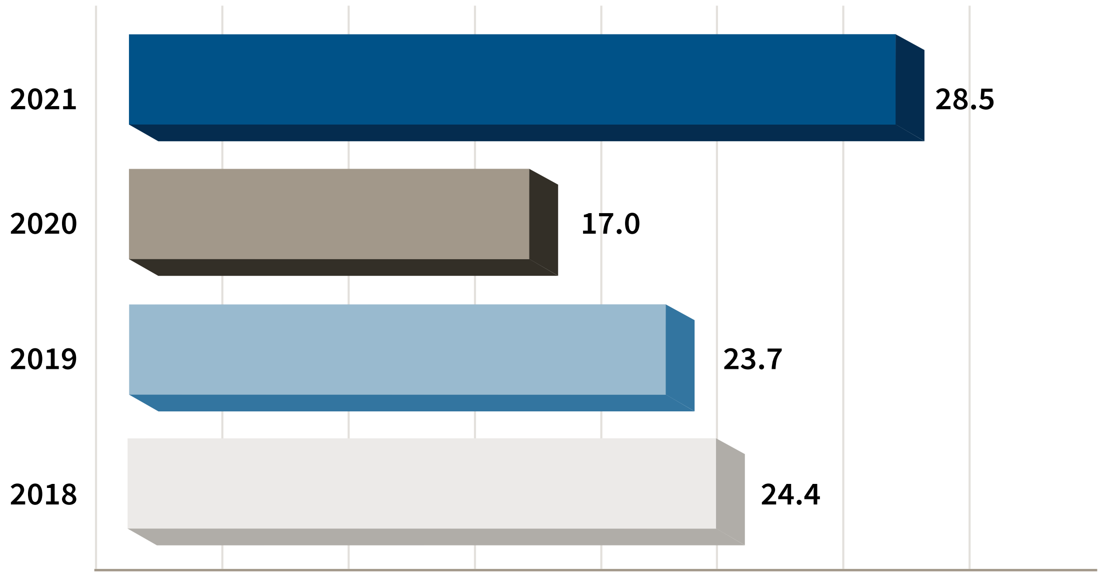
	2021	2020	Change %
Net Credit Portfolio	863.9	833.0	3.7%
Securities Portfolio	778.4	728.1	6.9%
Total Assets	2300.9	2200.2	4.6%
Customer Deposits and Cash Margin	1238.5	1215.9	1.9%
Bank and Financial Institution Deposits	559.8	599.8	(6.7%)
Total Equity	228.9	224.6	1.9%

	2021 Basel III	2020 Basel III	2019 Basel III	2018 Basel III
Capital Adequacy Ratio	17.43%	15.80%	16.50%	15.90%

Net Profit before Tax

In 2021, the bank achieved net profits before tax of JD28.5 million, which are in line with the economic conditions of the markets in which the bank operates in 2021.

(JD Million)

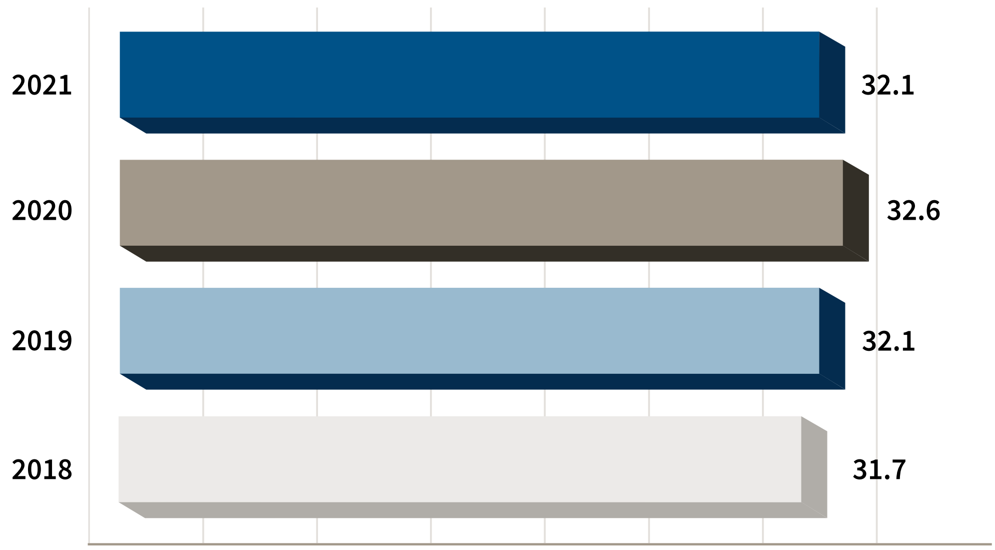


Net Profit Before Tax

Total Operating Costs

Operating costs, especially those that can be controlled, were in proportion to the flow of profits. The bank maintained a balanced level of operating costs in previous years, which decreased in 2021 by JD0.5 million.

(JD Million)

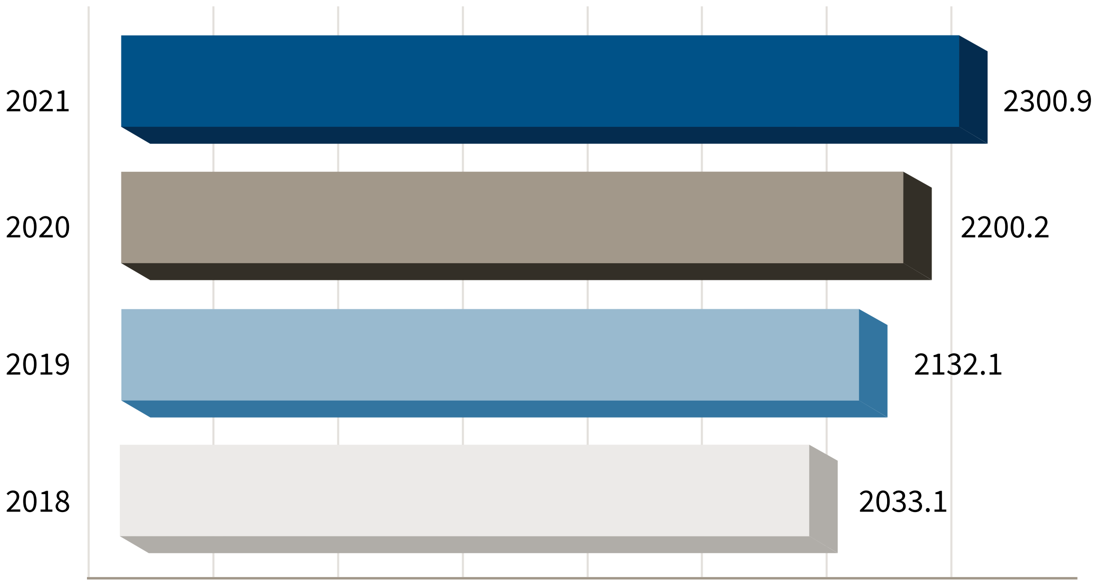


Total Operational Costs

Steady and Balanced Growth in the Financial Position

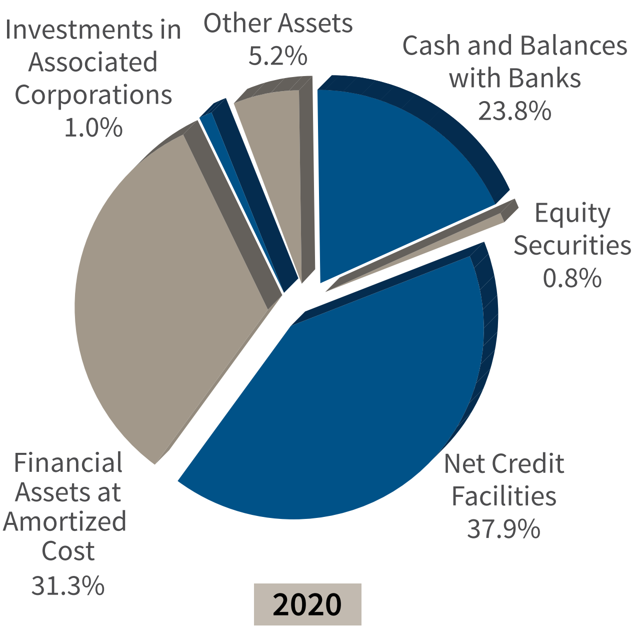
Assets witnessed remarkable growth in 2021 of 4.6% to reach JD2.3 billion, compared to JD2.2 billion in 2020. This growth was achieved by diversifying revenue streams in a manner that achieves rewarding returns for our partners, including shareholders, customers, and employees, and within well-studied and acceptable risk levels considering the economic and political challenges in the region.

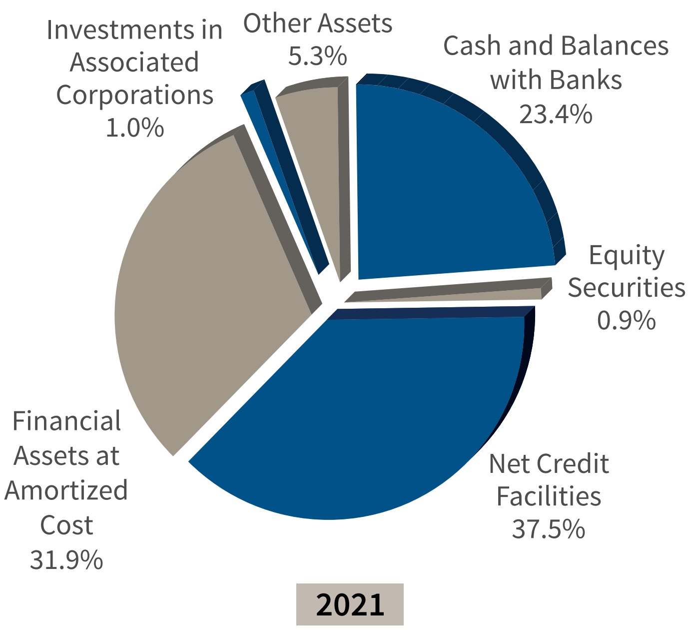
(JD Million)



Total Assets

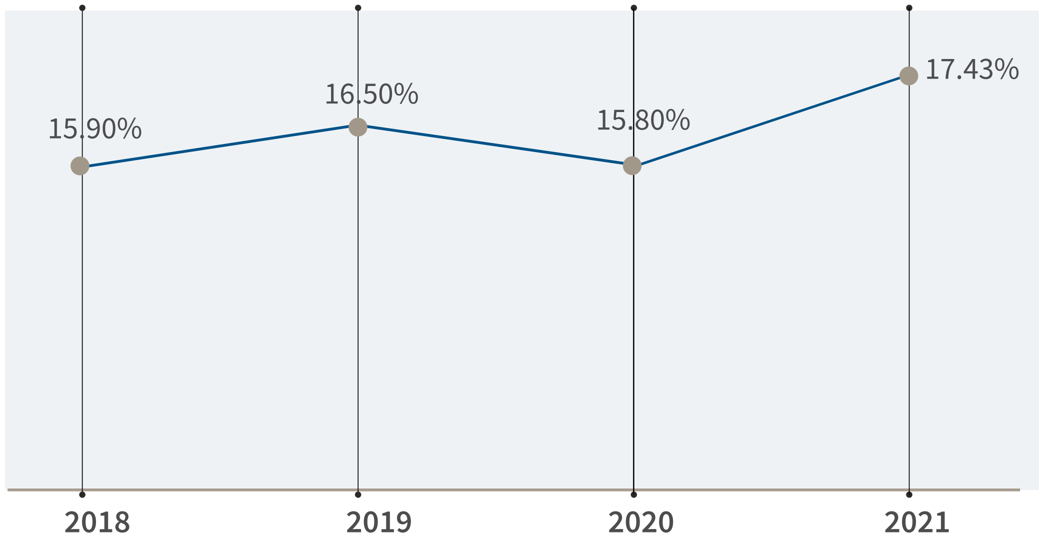
Balanced Composition of Assets Reflects Strong and Solid Financial Position





Capital Adequacy Ratio

The bank's capital adequacy ratio surpassed by a large margin the minimum 8% required by the Basel Committee standards, as well as the minimum 12% requirement of the Central Bank of Jordan, to reach 17.43% in 2021, according to the requirements of Basel III.

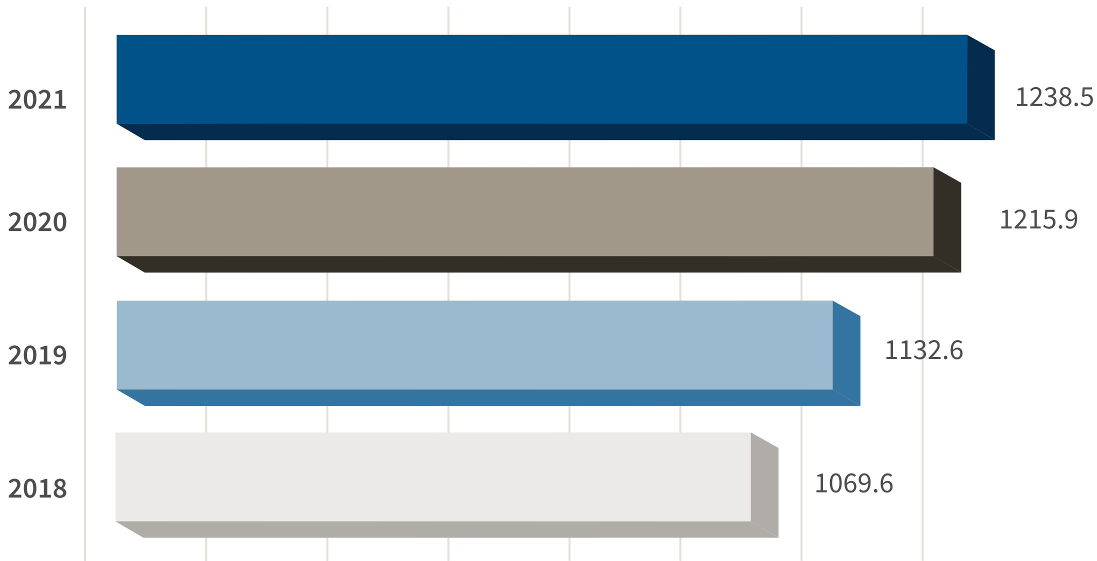


Capital Adequacy Ratio

Growth of Customer Deposits and Cash Margins

Despite the decrease in interest rates as well as the competition among the banks in the local market, AJIB maintained its customer base, which reflects the high levels of confidence that the bank has earned in the Jordanian banking sector.

(JD Million)

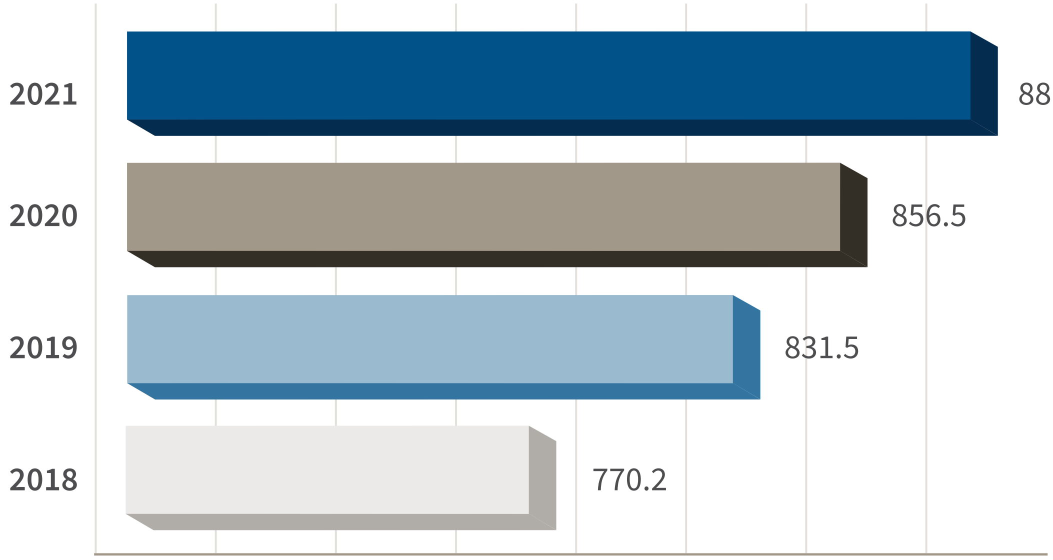


Customer Deposits and Cash Margins

Total Credit Facilities Portfolio

In 2021, the bank continued to focus its efforts on improving the quality of its credit portfolio by following two strategic pillars: the application of a prudent and selective credit policy in granting facilities under difficult economic conditions, as well as continuing efforts to address and collect non-performing loans in a manner that improves their quality. As a result of these efforts, the total balance of the credit facilities portfolio reached JD886.1 million in 2021, compared to JD856.5 million in 2020. The non-performing debt ratio in 2021 amounted to 1.18% of the balance of direct credit facilities after deducting suspended interest, compared to 1.64% in 2020, which is one of the lowest rates in the banking sector.
Additionally, the coverage ratio of provisions for non-performing debts (after excluding suspended interest) reached 72.5% in 2021, compared to 55.2% in 2020.

(JD Million)

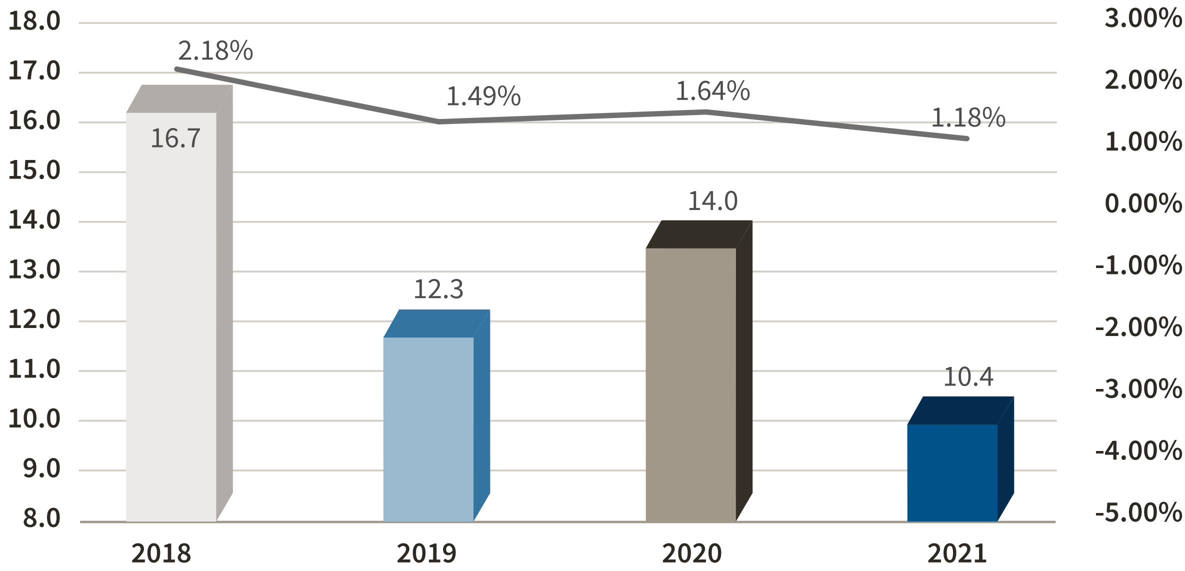


Total Credit Facilities Portfolio

Non-Performing Credit Facilities

The efforts exerted to address and collect non-performing debts during 2021 led to a decline in net non-performing credit facilities during 2021 by JD3.6 million, with a decline rate of 25.7%. The ratio of non-performing debts to the total facilities amount decreased to 1.18%, which is considered among the lowest ratios in the Jordanian banking sector.

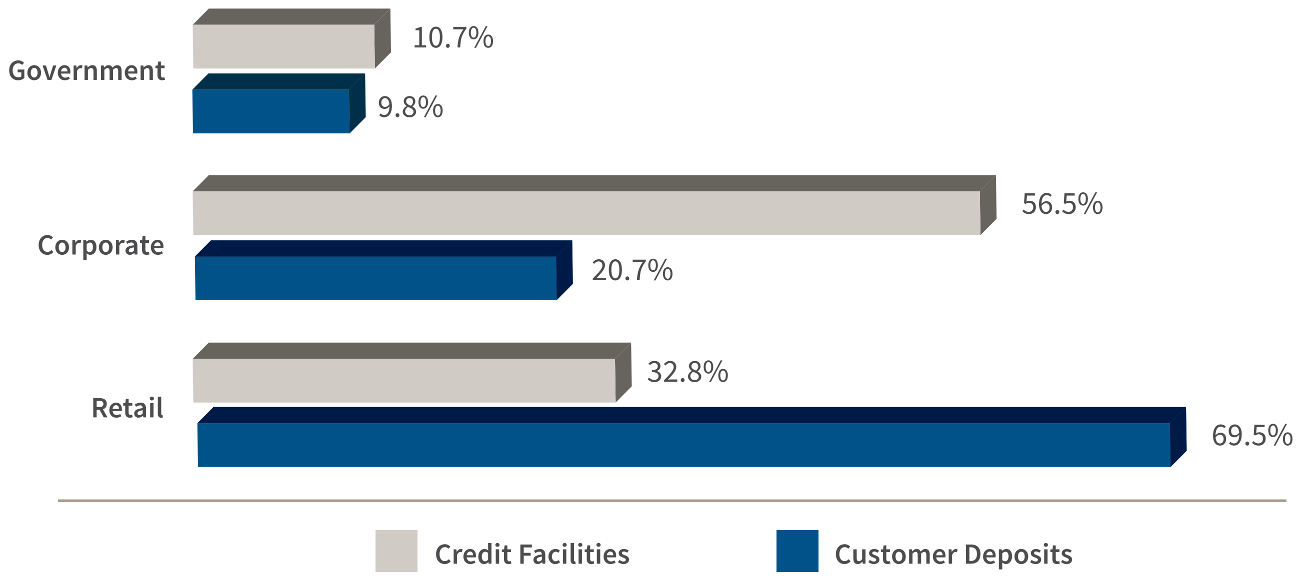
(JD Million)



Net Non-Performing Facilities and their Ratio to the Facilities Portfolio

Composition of Customer Deposits and Credit Facilities Portfolio

Retail deposits are considered stable in the banking sector in general. It constituted 69.5% of customer deposits at the end of 2021, compared to 32.8% of loans and facilities for the same sector (retail loans are considered of lower risk compared to corporate loans).

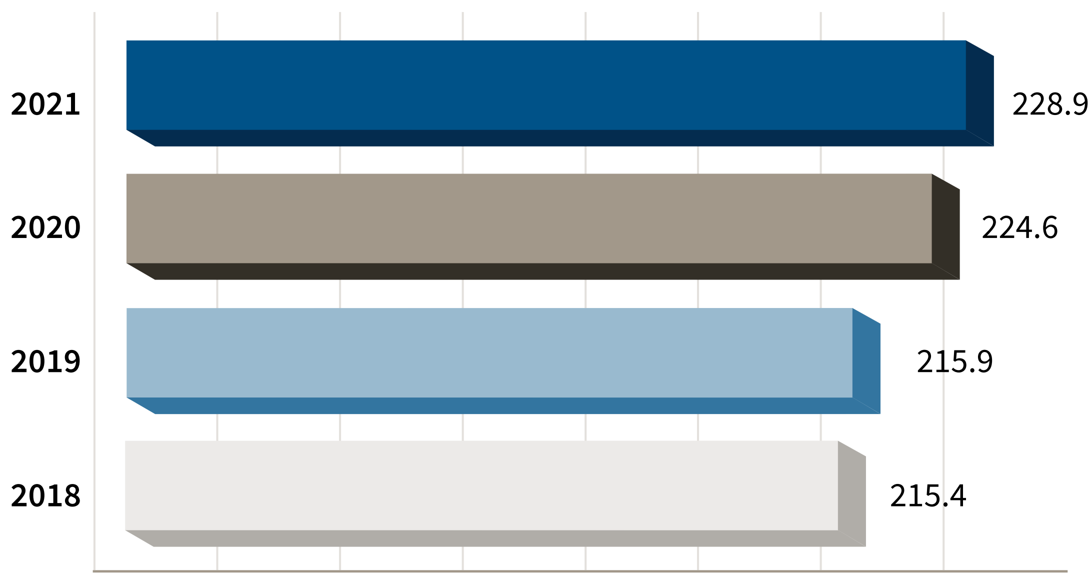


Composition of Customer Deposits and the Credit Facilities Portfolio

Total Equity

The bank maintained its capital base, placing it within the ranks of well-capitalized and stable financial institutions, reaching JD228.9 million in 2021.

(JD Million)

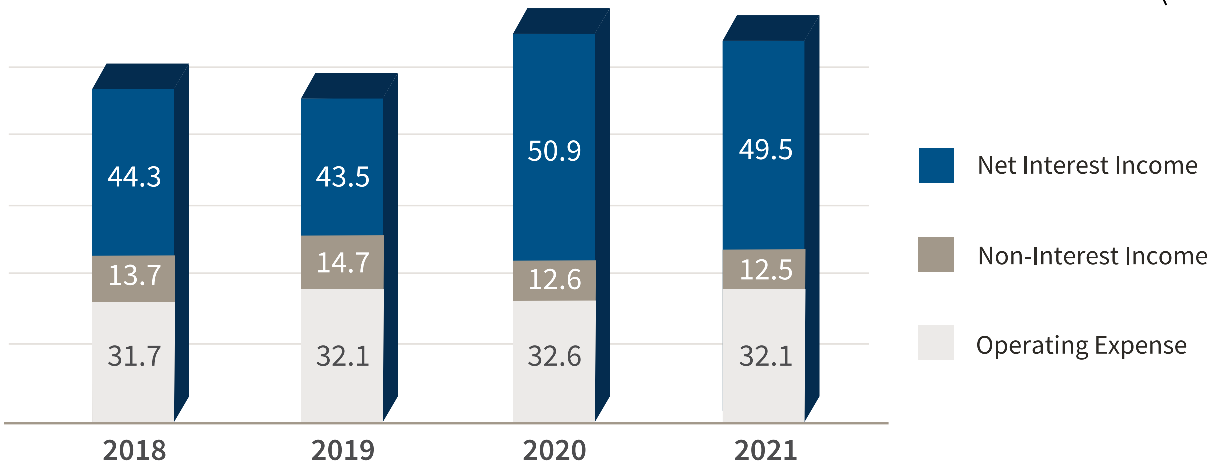


Total Equity

Net Revenues and Operational Expenses

The bank maintained an acceptable level within the banking system, with the operational efficiency index reaching 51.8% at the end of 2021.

(JD Million)



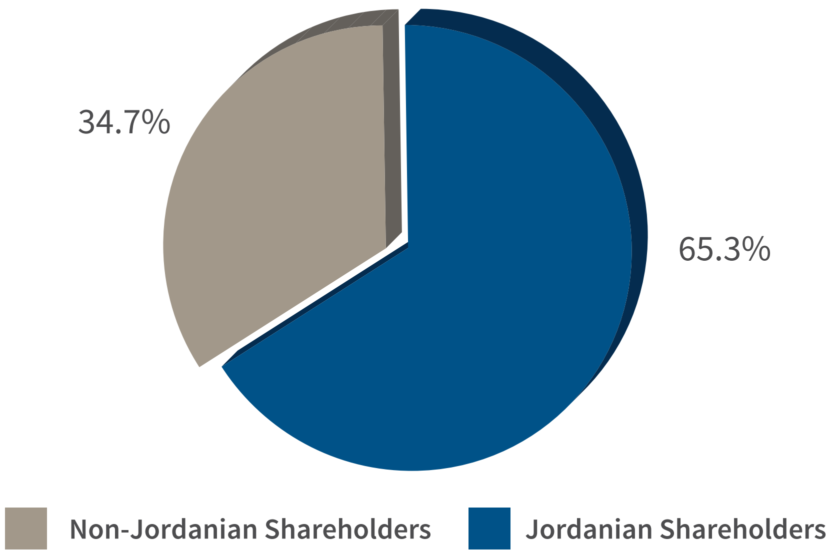
Financial Highlights

Statement / Year	2021	2020	2019	2018
Return on Average Assets (ROaA) Before Tax	1.3%	0.8%	1.1%	1.3%
Return on Average Assets (ROaA) After Tax	0.8%	0.5%	0.8%	0.9%
Return on Average Equity (ROaE) Before Tax	12.6%	7.7%	11.0%	11.2%
Return on Average Equity (ROaE) After Tax	8.0%	5.2%	7.5%	7.7%
Non-Performing Loans / Credit Facilities Portfolio	1.2%	1.6%	1.5%	2.2%
Net Credit Facilities / Customer Deposits	72.2%	70.9%	74.7%	73.0%
Net Credit Facilities / Total Assets	37.5%	37.9%	38.2%	37.0%
Cash and Balances with Banks / Total Assets	23.4%	23.8%	20.9%	21.9%
Total Equity / Total Assets	9.9%	10.2%	10.1%	10.6%

Number of Bank Employees

By the end of 2021, the number of AJIB employees reached 778 employees, compared to 781 employees at the end of 2020.

Bank Shareholders



Arab Jordan Investment Bank
(A Public Shareholding Limited Company)
Amman - Jordan

Independent Auditor's Report

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Arab Jordan Investment Bank “the Bank” and its subsidiaries “the Group”, which comprise of the consolidated statement of financial position as at 31 December 2021, the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards, are further described in the Auditor’s Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter provided in that context.

We have fulfilled the responsibilities described in the Auditor’s responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Inadequate allowances (ECL) for credit facilities
Refer to the note 10 on the consolidated financial statements

Key Audit matter	How the key audit matter was addressed in the audit
This is considered as a key audit matter as the group exercises significant judgement to determine when and how much to record as impairment. The provision for credit facilities is recognized based on the Group's provisioning and impairment policy which complies with the requirements of IFRS 9. Credit facilities form a major portion of the Group's assets, there is a risk that inappropriate impairment provisions are booked, whether from the use of inaccurate underlying data, or the use of unreasonable assumptions. Due to the significance of the judgments used in classifying credit facilities into various stages stipulated in IFRS 9 and determining related provision requirements, this audit area is considered a key audit risk. As at 31 December 2021, the Group's gross credit facilities amounted to JD 886,144,294 and the related impairment provisions amounted to JD 19,011,542. The impairment provision policy is presented in the accounting policies in note (2) to the consolidated financial statements.	Our audit procedures included the following: • We gained an understanding of the Group's key credit processes comprising granting and booking and tested the operating effectiveness of key controls over these processes. • We read the Group's impairment provisioning policy and compared it with the requirements of the International Financial Reporting Standards as well as relevant regulatory guidelines and pronouncements. • We assessed the Group's expected credit loss model, in particular focusing on its alignment of the expected credit loss model and its underlying methodology with the requirements of IFRS 9. • We tested a sample of exposures, assessed on an individual basis and performed procedures to evaluate the following: - Appropriateness of the group's staging. - Appropriateness of determining Exposure at Default, including the consideration of repayments in the cash flows and the resultant arithmetical calculations - Appropriateness of the PD, EAD and LGD for different exposures at different stages. - Appropriateness of the internal rating and the objectivity, competence and independence of the experts involved in this exercise. - Soundness and mathematical integrity of the ECL Model. - For exposures moved between stages we have checked the appropriateness of the Group's determination of significant increase in credit risk and the resultant basis for classification of exposures into various stages. We also checked the timely identification of exposures with a significant deterioration in credit quality. - For exposures determined to be individually impaired we re-preformed the ECL calculation we also obtained an understanding of the latest developments in the counterparty's situation of the latest developments in estimate of future cash flows, current financial position any rescheduling or restructuring agreements. • For forward looking assumptions used by the Group in its Expected Credit Loss ("ECL") calculations, we held discussions with management and corroborated the assumptions using publicly available information. • We assessed the financial statements disclosures to ensure compliance with IFRS 9. Refer to the accounting policies, critical accounting estimates and judgments, disclosures of credit facilities and on ECL in notes (2), (4), (10) and (43) to the consolidated financial statements.

Other information included in the Group's 2021 annual report.

Other information consists of the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. We expect to obtain the Group's annual report subsequent to our auditor's report date.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information once received and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exist, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonable be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Company maintains proper books of accounts which are in agreement with the financial statements.

The partner in charge of the audit resulting in this auditor's report was Waddah Barkawi; license number 591.

Amman, Jordan
30 January 2022

Ernst + Young

Arab Jordan Investment Bank
(A Public Shareholding Limited Company)
Amman - Jordan

Consolidated Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

Assets	Notes	2021 JD	2020 JD
Cash and balances at Central Bank of Jordan	5	276,823,156	196,441,026
Balances at banks and financial institutions- net	6	261,592,947	312,142,659
Deposits at banks and financial institutions- net	7	-	14,184,877
Financial assets at fair value through profit or loss	8	1,606,418	1,246,038
Financial assets at fair value through other comprehensive income	9	19,954,887	17,198,214
Direct credit facilities - net	10	863,908,139	833,048,500
Financial assets at amortized cost - net	11	734,689,621	687,643,018
Investment in associate company	12	22,169,467	22,007,354
Property and equipment – net	13	72,329,253	74,229,898
Intangible assets - net	14	1,743,276	1,790,547
Deferred tax assets	21-D	3,325,878	3,356,646
Other assets	15	42,778,428	36,915,305
Total Assets		2,300,921,470	2,200,204,082
Liabilities and Equity			
Liabilities:			
Banks and financial institutions' deposits	16	559,785,163	599,806,480
Customers' deposits	17	1,197,224,371	1,174,720,074
Borrowed money from the Central Bank of Jordan	18	219,557,148	120,629,632
Cash margins	19	41,274,361	41,163,022
Sundry provisions	20	796,252	702,561
Income tax provision	21-A	8,649,454	7,431,319
Other liabilities	22	44,732,607	31,177,301
Total Liabilities		2,072,019,356	1,975,630,389
Equity:			
Equity attributable to Bank's shareholders			
Paid-in capital	23	150,000,000	150,000,000
Statutory reserve	24	37,231,966	34,697,058
Foreign currency translation adjustments	25	(2,384,872)	(2,152,393)
Fair value reserve – net	26	(973,193)	(3,079,877)
Retained earnings	27	26,204,376	26,648,950
Total Equity attributable to the Bank's shareholders		210,078,277	206,113,738
Non – controlling interest	29	18,823,837	18,459,955
Total Equity		228,902,114	224,573,693
Total Liabilities and shareholders' Equity		2,300,921,470	2,200,204,082

The accompanying notes from (1) to (52) constitute an integral part of these consolidated financial statements and should be read with them.

ARAB JORDAN INVESTMENT BANK (A PUBLIC SHAREHOLDING LIMITED COMPANY)

CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021	2020
		JD	JD
Interest income	30	86,519,964	90,476,452
Interest expense	31	(36,982,554)	(39,608,263)
Net interest income		49,537,410	50,868,189
Net commission income	32	6,700,432	5,555,003
Net interest and commissions income		56,237,842	56,423,192
Foreign currencies income	33	3,204,662	2,684,415
Gain from financial assets at fair value through profit or Loss	34	251,162	178,640
Cash dividends from financial assets at fair value through other comprehensive income	35	227,551	55,503
Other income	37	1,672,742	3,563,552
Gross income		61,593,959	62,905,302
Employees expenses	38	15,383,023	15,922,252
Depreciation and amortization	13,14	4,336,096	4,150,243
Other expenses	39	12,389,981	12,481,281
Provision for impairment	36	1,185,324	13,039,406
Sundry provisions	20	187,445	804,936
Total expenses		33,481,869	46,398,118
Bank's share in the income of associate company	12	394,592	517,295
Profit for the year before income tax		28,506,682	17,024,479
Income tax expense	21-B	(10,343,466)	(5,487,776)
Profit for the year		18,163,216	11,536,703
Attributable to:			
Bank's shareholders		17,090,334	10,814,391
Non - controlling interest		1,072,882	722,312
		18,163,216	11,536,703
		JD/Fils	JD/Fils
Basic and diluted earnings per share from profit for the year (bank's shareholder)	40	0.114	0.072

The accompanying notes from (1) to (52) constitute an integral part of these consolidated financial statements and should be read with them.

ARAB JORDAN INVESTMENT BANK (A PUBLIC SHAREHOLDING LIMITED COMPANY)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021	2020
		JD	JD
Profit for the year		18,163,216	11,536,703
Comprehensive income items:			
Other comprehensive income items which will be reclassified to profit or loss in future periods:			
Foreign Currency translation adjustments - Associate Company	25	(232,479)	802,836
Other comprehensive income items which will not be reclassified to profit or loss in future periods:			
Cumulative change in fair value of financial assets through comprehensive income - net after tax	26	2,106,684	(818,864)
(Loss) from the sale of financial assets through comprehensive income		-	(1,470,353)
Total other comprehensive income items for the year after tax		1,874,205	(1,486,381)
Total comprehensive income for the year		20,037,421	10,050,322
Total comprehensive income attributable to:			
Bank's shareholders		18,964,539	9,423,474
Non - controlling interest		1,072,882	626,848
		20,037,421	10,050,322

The accompanying notes from (1) to (52) constitute an integral part of these consolidated financial statements and should be read with them.

ARAB JORDAN INVESTMENT BANK (A PUBLIC SHAREHOLDING LIMITED COMPANY)

CONSOLIDATED STATEMNET OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

For the year ended 31 December 2021	Paid-in Capital	Statutory Reserve	Foreign Currency Translation Adjustments	Fair Value Reserve - Net ***	Retained Earnings**	Total Equity attributable to the Bank's shareholders	Non - Controlling Interest	Total Equity
	JD	JD	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	150,000,000	34,697,058	(2,152,393)	(3,079,877)	26,648,950	206,113,738	18,459,955	224,573,693
Total comprehensive income for the year	-	-	(232,479)	2,106,684	17,090,334	18,964,539	1,072,882	20,037,421
Transferred to reserves	-	2,534,908	-	-	(2,534,908)	-	-	-
Dividend distributed to shareholders*	-	-	-	-	(15,000,000)	(15,000,000)	-	(15,000,000)
Change in non-controlling interest	-	-	-	-	-	-	(709,000)	(709,000)
Balance at the end of the year	150,000,000	37,231,966	(2,384,872)	(973,193)	26,204,376	210,078,277	18,823,837	228,902,114
For the year ended 31 December 2020								
Balance - beginning of the year	150,000,000	33,212,083	(2,955,229)	(2,067,878)	18,501,288	196,690,264	19,162,482	215,852,746
Total comprehensive income for the year	-	-	802,836	(1,011,999)	9,632,637	9,423,474	626,848	10,050,322
Transferred to reserves	-	1,484,975	-	-	(1,484,975)	-	-	-
Change in non-controlling interest	-	-	-	-	-	-	(1,329,375)	(1,329,375)
Balance at the end of the year	150,000,000	34,697,058	(2,152,393)	(3,079,877)	26,648,950	206,113,738	18,459,955	224,573,693

In accordance to the instructions of the regulatory authorities

* According to the resolution of the bank's General Assembly meeting held on 8 April 2021 it was approved to distribute 10% of the Bank's capital as cash dividends to the shareholders which is equivalent to JD 15 million.

** An amount of JD 3,325,878 of retained earnings is restricted (including capitalization or distribution or amortization of losses or for any other purposes unless actually realized) which equals to the negative balance of fair value reserve.

*** The negative fair value reserve from the retained earnings that cannot be utilized as of 31 December 2021 amounted to JD 973,193.

The accompanying notes from (1) to (52) constitute an integral part of these consolidated financial statements and should be read with them.

ARAB JORDAN INVESTMENT BANK (A PUBLIC SHAREHOLDING LIMITED COMPANY)

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021	2020
		JD	JD
Operating activities			
Profit before income tax		28,506,682	17,024,479
Adjustments for:			
Depreciation and amortization	13, 14	4,336,096	4,150,243
Provision for expected credit loss	36	1,185,324	13,039,406
Unrealized (gain) on financial assets at fair value through profit or loss	34	(112,975)	(149,955)
Provision for end of service indemnity	20	47,368	64,936
Other sundry provisions	20	140,077	740,000
(gain) Loss from sale of property and equipment	37	(1,525)	15,334
Loss from the sale of seized assets	37	111,033	90,696
Effect of exchange rate fluctuations on cash and cash equivalents	33	(64,498)	(54,265)
Bank's share in the income of associate company	12	(394,592)	(517,295)
Cash profit before changes in assets and liabilities		33,752,990	34,403,579
Changes in assets and liabilities:			
Deposits with banks and other financial institutions (maturing over 3 months)		14,240,395	10,660,233
Financial assets at fair value through profit or loss		(247,405)	107,109
Direct credit facilities		(31,959,963)	(29,979,486)
Other assets		(5,974,156)	2,030,562
Banks and financial institutions deposits (maturing over 3 months)		(2,127,000)	(16,709,000)
Customers' deposits		22,504,297	82,433,735
Cash margins		111,339	867,089
Other liabilities		13,584,851	(20,801,552)
Net change in assets and liabilities		10,132,358	28,608,690
Net cash flows from operating activities before taxes and sundry provisions paid		43,885,348	63,012,269
Sundry provisions paid	20	(93,754)	(779,947)
Income tax paid	21-A	(9,094,563)	(8,226,766)
Net cash flows from operating activities		34,697,031	54,005,556
Investing activities:			
Financial assets at amortized cost - net		(47,126,603)	23,848,280
Sale of financial assets at fair value through other comprehensive income		(649,989)	572,410
Purchase of property and equipment	13	(2,108,867)	(1,352,318)
Proceeds from sale of property and equipment and intangible assets		177,793	64,588
Purchase of intangible assets	14	(455,581)	(812,688)
Net cash flows (used) in from investing activities		(50,163,247)	22,320,272
Financing activities:			
Borrowed money from the Central Bank of Jordan		98,927,516	16,172,129
Change in non–controlling interest		(709,000)	(1,329,375)
Dividends distributed to shareholders		(15,034,545)	(14,872)
Net cash flows from financing activities		83,183,971	14,827,882
Net increase in cash and cash equivalents		67,717,755	91,153,710
Effect of exchange rate fluctuations on cash and cash equivalents		64,498	54,265
Cash and cash equivalent - beginning of the year		(15,032,664)	(106,240,639)
Cash and cash equivalent - end of the year	41	52,749,589	(15,032,664)

The accompanying notes from (1) to (52) constitute an integral part of these consolidated financial statements and should be read with them.

Arab Jordan Investment Bank
(A Public Shareholding Limited Company)
Amman - Jordan

Notes on the Consolidated Financial Statements

1. General

The Arab Jordan Investment Bank is a public shareholding limited company with headquarters in Amman – Jordan, On February 2nd, 1978 it was registered according to the Companies Law and related subsequent amendments the last of which was amendment No, (22) for the year 1997. Moreover the Bank's authorized and paid-up capital was increased gradually the last of which was during the year 2014 to become JD 150 million at face value of JD 1 each.

The Bank is engaged in commercial banking activities through its (36) branches and offices in Jordan and (1) branch in Cyprus and its subsidiaries in Qatar and Jordan (Arab Jordan Investment Bank - (Qatar) LLC and the United Arab Jordan Company for Investment and Financial Brokerage).

The Bank's shares are listed and traded in the Amman Stock Exchange.

The consolidated financial statements have been approved by the Board of Directors in its meeting held on 27 January 2022 and are subject to the approval of the General Assembly of Shareholders.

2. Significant Accounting Policies

Basis of Preparation of the Consolidated Financial Statements

The accompanying consolidated financial statements for the Bank and its subsidiaries have been prepared in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Bank has complied with applicable local laws and Central Bank of Jordan instruction.

The consolidated financial statements are prepared on the historical cost basis except for financial assets at fair value through profit and loss and financial assets at fair value through other comprehensive income and financial derivatives which have been measured at fair value at the date of the consolidated financial statements. Moreover fair value hedged assets and liabilities are stated at fair value.

The consolidated financial statements are presented in Jordanian Dinar (JD) which is the functional currency of the Bank.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries were the Bank holds control over the subsidiaries. The control exists when the Bank controls the subsidiaries significant and relevant activities and is exposed, or has rights, to variable returns from its involvement with the subsidiaries and has the ability to affect those returns through its power over the subsidiaries. All transactions balances, income and expenses between the Bank and subsidiaries are eliminated. The following subsidiaries were consolidated in the Group’s financial statements:

Company’s Name	Ownership Percentage	Paid-up capital JD	Head Quarter	Date of ownership	Company’s Objectives
United Arab Jordan Company for Investment and Financial Brokerage	100%	2,500,000	Amman- Jordan	February 5 2002	Financial Brokerage
Arab Jordan Invest Bank / Qatar	50% + two shares	35,450,000	Doha - Qatar	December 5 2005	Bank Activity

The following are the most significant financial information for the subsidiary companies:

	United Arab Jordan Company for Investment and Financial Brokerage		Arab Jordan Investment Bank / Qatar	
	2021	2020	2021	2020
	JD	JD	JD	JD
Total assets	3,251,001	2,975,338	136,890,036	169,362,851
Total liabilities	332,252	267,495	99,242,363	132,442,941
Equity	2,918,749	2,707,843	37,647,673	36,919,910
	For the year ending 31 December		For the year ending 31 December	
	2021	2020	2021	2020
	JD	JD	JD	JD
Total revenue	463,287	234,518	4,976,187	5,995,674
Total expenses	214,307	192,213	2,830,424	4,551,051

The financial statements of the subsidiaries are prepared for the same financial year of the Bank and by using the same accounting policies adopted by the Bank. If the accounting policies adopted by the subsidiaries are different from those used by the Bank the necessary adjustments to the financial statements of the subsidiaries are made to comply with the accounting policies used by the Bank.

The Results of operations of subsidiaries are included in the consolidated statement of income effective from the acquisition date, which is the date of transfer of control over the subsidiary to the Group. The results of operations of subsidiaries disposed are included in the consolidated statement of income up to the effective date of disposal, which is the date of loss of control over the subsidiary.

Non-controlling interest represents the portion that is not owned by the Bank in the owner’s equity in the subsidiary companies.

Significant Accounting Policies

Segmental Information

Business sector represents a group of assets and operations that jointly provide products or services subject to risks and returns different from those of other business segments, which were measured according to the reports used by the General Manager and the Bank’s decision maker.

Geographical sector relates to providing products or services in an economic environment subject to specific risks and returns different from those operating in other sectors of other economic environments.

Direct Credit Facilities

Direct credit facilities are financial assets with fixed or determinable payments which are provided basically by the Bank or have been acquired and has no market price in the active markets, which are measured at amortized cost.

A provision for the impairment in direct credit facilities is recognized through the calculation of the expected credit loss in accordance with International Financial Reporting Standard 9.

Interest and commission earned on non-performing granted credit facilities are suspended in accordance with the instructions of the Central Bank of Jordan and in accordance with the instructions of the regulatory authorities whichever is more conservative in countries where the bank has its branches or subsidiaries.

When direct credit facilities are uncollectible they are written off against the provision account, any surplus in the provision is reversed through the consolidated statement of income, and subsequent recoveries of amounts previously written off are credited to revenue.

Fair Value

Fair value represents the closing market price (Assets Purchasing / Liabilities Selling) of financial assets and derivatives on the date of the consolidated financial statements in active markets. In case declared market prices do not exist active trading of some financial assets and derivatives is not available or the market is inactive fair value is estimated by one of several methods including the following:

- Comparison with the fair value of another financial asset with similar terms and conditions.
- Analysis of the present value of expected future cash flows for similar instruments.
- Adoption of the option pricing models.
- Evaluation of long-term assets and liabilities that bear no interest through discounting cash flows and amortizing premium / discount using the effective interest rate method within interest revenue / expense in the consolidated statement of income.

The valuation methods aim to provide a fair value reflecting the market's expectations taking into consideration the market expected risks and expected benefits when the value of the financial assets. When the financial assets fair value can't be reliably measured, they are stated at cost less any impairment.

Investment in Associate

An associate company is the company whereby the bank exercises effective influence over their decisions related to financial and operational policies without control, with the bank owning from (20%) to (50%) of the voting rights, and is stated in accordance to the equity method.

Revenues and expenses resulting from transactions between the Bank and the associate company are eliminated according to the bank's ownership percentage in these company.

Financial Assets at Amortized Cost

Are the assets that the bank's management intends to hold for the purpose of collecting the contractual cash flows which represents the cash flows that are solely payments of principal and interest on the outstanding principal.

Financial assets are recorded at cost upon purchase plus acquisition expenses, Moreover the issue premium \ discount is amortized using the effective interest associated with the decline in value of these investments leading to the in ability to recover the investment or parts thereof are deducted, any impairment is registered in the consolidated statement of income and should be presented subsequently at amortized cost less any impairment losses.

The amount of impairment loss recognised at amortized cost is the expected credit loss of the financial assets at amortized cost.

It is not allowed to reclassify any financial assets from/to this category except for certain cases that are specified by the International Financial Reporting Standards (And if in any cases these assets are sold before the maturity date the result of sale will be recorded in the consolidated statement of income in a separated disclosure and caption in according to the International Financial Reporting Standards in specific).

Financial Assets at Fair Value through Profit or Loss

It is the financial assets purchased by the bank for the purpose of trading in the near future and achieving gains from the fluctuations in the short-term market prices or trading margins.

Financial assets at fair value through profit or loss are initially stated at fair value at acquisition date (purchase costs are recorded in the consolidated statement of income upon acquisition) and subsequently measured in fair value, Moreover changes in fair value are recorded in the consolidated statement of income including the change in fair value resulting from translation of non-monetary assets stated at foreign currency, Gains or losses resulting from the sale of these financial assets or part of them are taken to the consolidated statement of income.

Dividends and interests from these financial assets are recorded in the consolidated statement of income.

It is not allowed to reclassify any financial assets to / from this category except for the cases specified in International Financial Reporting Standard.

Financial Assets at Fair Value through Other Comprehensive Income

These financial assets represents the investments in equity instruments held for the long term.

These financial assets are recognized at fair value plus transaction costs at purchase date and are subsequently measured at fair value in the consolidated statement of comprehensive income and within owner's equity including the changes in fair value resulting from translation of non-monetary assets stated in foreign currency. Gain or loss from the sale of these investments or part of them should be recognized in the consolidated statement of comprehensive income and within owner's equity and the balance of the revaluation reserve for these assets should be transferred directly to the retained earnings not to the consolidated statement of income.

No impairment testing is required for these assets. Unless classified debt instrument as financial assets at fair value through other comprehensive income, in that case, the impairment is calculated through the expected credit loss model.

Dividends are recorded in the consolidated statement of income.

Impairment in Financial Assets

Overview of the ECL principles

The adoption of IFRS 9 has fundamentally changed the Group's loan loss impairment method by replacing IAS 39's incurred loss approach with a forward-looking ECL approach as of 1 January 2019.

The Group records the allowance for expected credit losses for all loans and other debt financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss.

The 12 months is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

ECL is calculated for the full period of credit exposure and for the probability of default during the 12 months period on an individual basis or collective based on the financial instrument portfolio and the nature of these financial instruments.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Group groups its loans into Stage 1, Stage 2 and Stage 3, as described below:

- **Stage 1:** When loans are first recognized, the Group recognizes an ECL allowance based on the probability of default during 12 months period. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.
- **Stage 2:** When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.
- **Stage 3:** Loans that are considered credit-impaired. The Group records an allowance for the LTECLs.

The Calculation of ECLs

The Group calculates the expected credit losses in accordance with the International Financial Reporting Standard Number 9 which is disclosued in Note 4.

Property and Equipment

Property and equipment are stated at cost net of accumulated depreciation and any impairment loss in its value, Moreover Property and Equipment (except for land) are depreciated according to the straight-line method over the estimated useful lives when ready for use of these assets using the following annual rates.

	%
Buildings	2
Equipment furniture and fixtures	9-15
Vehicles	20
Computer	12-25
Solar plant	5
Others	2-12

When the carrying amount of property and equipment exceeds their recoverable value, assets are written down and impairment loss is recorded in the consolidated statement of income.

The useful lives of property and equipment are reviewed at the end of each year, in case the expected useful life is different from what was determined before the change in estimate is recorded in the following years being a change in estimates.

Property and equipment are derecognized when disposed or when there is no expected future benefit from their use or disposal.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Bank makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Intangible Assets

A. Goodwill

Goodwill is recognized at cost and represents the excess of the acquisition costs or investment costs in an affiliate or a subsidiary over the net assets fair value of the affiliate or subsidiary as of the acquisition date. Goodwill arises from the investment in the subsidiary recognized as a separate item in intangible assets. Later on, goodwill will be reviewed and reduced by any impairment amount.

Goodwill is allocated to cash generating unit(s) to test impairments in its value.

Impairment testing is done on the date of the consolidated financial statements. Goodwill is reduced if the test indicates that there is impairment in its value, and that the estimated recoverable value of the cash generating unit(s) relating to goodwill is less than the book value of the cash generating unit(s). Impairment is recognized in the consolidated statement of income.

B. Other Intangible assets

Intangible assets purchased in an acquisition are stated at fair value at the date of acquisition. Other intangible assets purchased other than through acquisition are recorded at cost.
Intangible assets are to be classified on the basis of either definite or indefinite useful life. Intangible assets with definite useful economic lives are amortized over their useful lives and recorded as an expense in the consolidated statement of income. Intangible assets with indefinite lives are reviewed for impairment as of the consolidated financial statements date, and impairment loss is recorded in the consolidated statement of income.

No capitalization of intangible assets resulting from the banks' operations is made. They are rather recorded as an expense in the consolidated statement of income in the same year.

Any indications of impairment in the value of intangible assets as of the consolidated financial statements date are reviewed. Furthermore, the estimated useful lives of the impaired intangible assets are reassessed, and any adjustment is made in the subsequent periods.

The intangible assets with a specified useful life appears of cost after deducting the annual amortization. These assets were amortized by using the straight-line method on the useful life using a percentage of 25% annually.

Provisions

Provisions are recognized when the bank has an obligation on the date of the consolidated financial statement arising from a past event and the costs to settle the obligation is probable and can be reliably measured.

Provision for employees' end-of-service indemnity

Provision for end of service indemnity is established by the Bank to fare any legal or contractual obligations at the end of employees' services and is calculated based on the service terms as of the financial statements date.

Income Tax

Income tax expenses represent accrued taxes and deferred taxes.

Income tax expenses are accounted for on the basis of taxable income. Moreover taxable income differs from income declared in the consolidated financial statements because the latter includes non-taxable revenues or taxable expenses disallowed in the current year but deductible in subsequent years accumulated losses acceptable by the tax law and items not accepted for tax purposes or subject to tax.

Taxes are calculated on the basis of the tax rates according to the prevailing laws regulations and instructions of the countries where the bank operates.

Deferred taxes are taxes expected to be paid or recovered as a result of temporary timing differences between the value of the assets and liabilities in the consolidated financial statements and the value of the taxable amount. Deferred tax is calculated on the basis of the liability method in the consolidated statement of financial position according to the rates expected to be applied when the tax liability is settled or tax assets are recognized.

Deferred tax assets and liabilities are reviewed as of the date of the consolidated financial statements and reduced in case it is expected that no benefit will arise from payment or the elimination of the need for deferred tax liabilities partially or totally.

Capital Cost of Issuing or Buying the Bank's Shares

Cost arising from the issuance or purchase of the bank's shares are charged to retained earnings (net of the tax effect of these costs if any). If the shares issuance or purchase process is incomplete these costs are recorded as expenses in the consolidated statement of income.

Accounts Managed on Behalf of Customers

These represent the accounts managed by the bank on behalf of its customers but do not represent part of the bank's assets. The fees and commissions on such accounts are shown in the consolidated statement of Income. A provision against the impairment in the capital-guaranteed portfolios managed on behalf of customers is taken.

Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and the Bank intends to either settle them on a net basis or to realize the asset and settle the liability simultaneously.

Realization of Income and Recognition of Expenses

Interest income is realized by using the effective interest method except for interest and commissions from non-performing credit facilities which are not recognized as income and are recorded in the interest and commissions in suspense account.

Expenses are recognised according to the accrual basis.

Commission is recorded as revenue when the related services are provided, moreover dividends are recorded when realized (decided upon by the General Assembly of Shareholders).

Date of Recognizing Financial Assets

Purchases and sales of financial assets are recognized on the trading date (which is the date on which the bank commits itself to purchase or sell the asset).

Hedge Accounting and Financial Derivatives

Financial Derivatives for Hedging:

For the purpose of hedge accounting the financial derivatives appear at fair value.

Fair Value Hedges:

A fair value hedge is a hedge against the exposure to changes in the fair value of the bank's recognised assets or liabilities.

When the conditions of an effective fair value hedge are met the resulting gains and losses from the valuation of the fair value hedge and the change in the fair value of the hedged assets or liabilities is recognised in the consolidated statement of income.

When the conditions of an effective portfolio hedge are met the gain or loss resulting from the revaluation of the hedging instrument at fair value as well as the change in the fair value of the assets or liabilities portfolio are recorded in the consolidated income statement for the same year.

Cash flow Hedges:

Hedge for the change in the current and expected cash flows exposures of the Bank’s assets and liabilities.

When the conditions of an effective cash flow hedge are met the gain or loss of the hedging instruments is recognized in the statement of comprehensive income and owner’s equity, such gain or loss is transferred to the consolidated statement of income in the period in which the hedge transaction impacts the consolidated statement of income.

When the condition of the effective hedge do not apply the gain or loss resulting from the change in the fair value of the hedging instrument is recorded in the consolidated statement of income the same year.

Assets Seized by the Bank against Due Debts

Assets that have been the subject of foreclosure by the bank are shown under "other assets" at the acquisition value or fair value whichever is lower. As of the consolidated statement of financial position date these assets are revalued individually at fair value, any decline in their market value is taken to the consolidated statement of income as a loss whereas any such increase is not recognized. Subsequent increase is taken to the income statement to the extent it does not exceed the previously recorded impairment.

Repurchase and Resale Agreements

Assets sold with a simultaneous commitment to repurchase at a specified future date (repos) will continue to be recognised in the bank's consolidated financial statements due to the bank's continuing exposure to the risks and rewards of these assets using the same accounting policies, (The buyer has the right to control such assets (by sale or pledge as collateral) which are reclassified as financial assets pledged as collateral), The proceeds of the sale are recorded under loans and borrowings, The difference between the sale and repurchase price is recognised as an interest expense over the agreement term using the effective interest method.

Assets purchased with a corresponding commitment to resell at a specified future date (reverse repos) are not recognised in the bank's consolidated financial statements since the bank is not able to control these assets and since any risks and benefits do not accrue to the bank when they occur. The related payments are recognised as part of deposits at banks and financial institutions or direct credit facilities as applicable, Moreover the difference between the purchase and resale price is recognised in the consolidated statement of income over the agreement term using the effective interest method.

Foreign Currencies

Transactions in foreign currencies during the year are recorded at the exchange rates prevailing at the date of the transactions. Moreover, financial assets and financial liabilities are translated to Jordanian Dinar based on the average exchange rates declared by the Central Bank of Jordan on the date of the consolidated financial statements.

Non-monetary assets and liabilities denominated in foreign currencies and recorded at fair value are translated on the date when their fair value is determined.

Gains or losses resulting from foreign currency translation are recorded in the consolidated statement of income.

Translation differences for non-monetary assets and liabilities denominated in foreign currencies (such as equity securities) are recorded as part of the change in fair value.

When consolidating the financial statements assets and liabilities of the branches and subsidiaries abroad are translated from the primary currency to the currency used in the financial statements using the average exchange rates prevailing on the consolidated statement of financial position date and declared by the Central Bank of Jordan, Revenue and expense items are translated using the average exchange rates during the year and exchange differences are shown in a separate item within the consolidated statement of other comprehensive income equity, In case of selling one of the subsidiaries or branches the related amount of exchange difference is booked in revenues/expenses in the consolidated statement of income.

Profit or loss resulting from the foreign exchange of interest-bearing debt instruments and within financial assets at fair value through other comprehensive income is included in the consolidated statement of income. Differences in the foreign currency translation of equity instruments are included in the cumulative change in fair value reserve within owner’s equity in the consolidated statement of financial position.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances with central banks and balances with banks and financial institutions maturing within three months less balances due to banks and financial institutions maturing within three months and restricted funds.

3. Changes in Accounting Policies

The accounting policies used in the preparation of the consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2020 except for the adoption of new amendments on the standards effective as of 1 January 2021 shown below:

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- To require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
- To permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- To provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the consolidated financial statements of the Bank. The Bank will determine new reference prices and interest margins based on the Bank's expertise to avoid any substantial impact on the Bank and it's customers.

Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16
On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease Modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022.

The amendment applies to annual reporting periods beginning on or after 1 April 2021.
However, the Bank has not received Covid-19-related rent concessions but plans to apply the practical expedient if it becomes applicable within allowed period of application.

4. Significant Judgments and Estimates Used

Use of Estimate:
The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the resultant provisions as well as fair value changes reported in equity. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

The management believes that their estimates are reasonable' and are as follows:

A. EXPECTED CREDIT LOSS FOR DIRECT CREDIT FACILTIES

In determining provision for expected credit loss for direct credit facilities, important judgement is required from the bank's management in the estimation of the amount and timing of future cash flows as well as an assessment of whether the credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL. The following are the most important judgments used:

Inputs, assumptions and techniques used for ECL calculation – IFRS 9 Methodology

Key concepts in IFRS 9 that have the most significant impact and require a high level of judgment, as considered by the Bank while determining the impact assessment, including the following:

- **Detailed explanation of the bank's internal credit rating system and its working mechanism.**

- The Bank relies on Moody's RA application to classify corporate credit risk ratings, which reviews and analyzes financial and objective information about the borrower. The program generates a comprehensive assessment of the creditworthiness of the borrower, that results in the probability of default (PD). The system classifies the corporate customers within 7 levels of active accounts and 3 levels of non- performing accounts. The probability of default (PD) increase with the level of risk, wherein, 3 segments are adopted at each level (grade) except for grade 1 as shown in the table below:

Risk Grade of the Customer	Credit Rating	Credit Quality
1	Aaa	Exceptional business credit, judged to be of highest quality, with minimal credit risk.
2+	Aa1	Very good business credit with very low credit risk.
2	Aa2	
2-	Aa3	
3+	A1	Low credit risk facilities.
3	A2	
3-	A3	
4+	Baa1	Moderate credit risk facilities.
4	Baa2	
4-	Baa3	
5+	Ba1	High credit risk facilities.
5	Ba2	
5-	Ba3	
6+	B1	Very high credit risk facilities.
6	B2	
6-	B3	
7+	Caa1	Weak Business credit: judged to be of poor standing and subject to very high credit risk.
7	Caa2	
7-	Caa3	
8	Default	Substandard facilities.
9	Default	Doubtful facilities.
10	Default	Loss facilities.

- Risk of individuals is measured based on portfolio valuation through customer behaviour records and their commitment for timely payments.
- Global ratings are used to measure the risk of other financial assets (fixed-rate financial instruments and credit claims on banks and financial institutions).

- **The mechanism for calculating expected credit losses (ECL) on financial instruments and for each item separately.**

  The Bank has adopted a special mechanism for calculating expected credit losses based on the type of financial instrument:

  - **Financial instruments for the portfolio of companies and instruments with fixed income and credit claims on banks and financial institutions:**
    In calculating the expected credit losses for this portfolio, the Bank relies on a specialized and developed system from Moody's. Each customer / instrument is calculated individually at the level of each account / instrument.

  - **Portfolio financial instruments:**
    In collaboration with Moody's, the Bank has developed a retail portfolio model to calculate expected credit loss based on the requirements of the Standard. The provision for the Retail Portfolio is calculated on an aggregate basis.

    Governs the application of the requirements of IFRS 9 and includes the responsibilities of the board of directors and executive management to ensure compliance with the requirements of the IFRS.

    The Board of Directors has several specialized committees, each with its own objectives and to implement the Standard.

- **Risk Management Committee**
  - Review the implementation strategy of the standard and its impact on the risk management of the bank before its adoption by the Board.
  - Keeping pace with developments affecting the Bank's risk management and reporting periodically to the Board.
  - Verify that there is no difference between the actual risks taken by the Bank and the level of acceptable risks approved by the Board.
  - To create the appropriate conditions to ensure the identification of risks that have a material impact and any activities carried out by the Bank that could expose it to risks greater than the acceptable risk level, report to the Board and follow up on their treatment.

- **Audit Committee**
  - Review the financial statements after application of the Standard to verify the orders of the Central Bank of Jordan regarding the adequacy of the provisions and to give an opinion on the non-performing bank debts before submitting them to the Board of Directors.
  - Review the observations contained in the reports of the Central Bank and the reports of the external auditor and follow up the actions taken thereon.
  - Review the accounting issues that have a significant impact on the financial statements of the Bank and ensure the accuracy of the accounting and control procedures and their compliance.

- **Financial Department**
  - Calculate ECL and customer classification based on the three stages quarterly in accordance with the accounting standards requirements and the Central Bank of Jordan requirements and the acquaintance of the executive management on the results of calculation.
  - Make necessary accounting adjustments and restrictions after the results are approved and verify that all products have been calculated.
  - Prepare the necessary disclosures in cooperation with the concerned departments in the bank in accordance with the requirements of the standard and the instructions of the Central Bank.

- **Risk Management Department**
  - Participate with the departments in the development and construction of the business model, including the classification of the Bank's financial assets in accordance with the principles of IFRS 9.
  - Calculate the ECL then classify the customers based on the three stages quarterly in accordance with the accounting standards requirements and the Central Bank of Jordan requirements and the acquaintance of the executive management on the results of calculation.
  - Review and approve risk factors in accordance with the bank methodology and policy.

* Definition and mechanism for calculating and monitoring the probability of default (PD) and exposure at default (EAD) and loss given default (LGD).

• Corporate and fixed-income financial instruments and credit claims on banks and financial institutions:

- **Probability of default (PD):** The percentage of the probability of the borrower defaulting or failing to meet the payment of the instalments or obligations towards the bank on its due dates.

  The probability of default is calculated for each customer using Moody's Risk Analyst MRA, which is based on the customer's financial data and / or based on the objective evaluation of the customer.

  The system has three calculation models to reach the default rate:
  A. Large and medium-sized companies (with financial statements).
  B. Small businesses (without financial statements).
  C. Individuals with high solvency.

- Loss given Default (LGD)

The percentage that represents the portion of the exposure that will be lost in case of default

The Loss Given Default (LGD) is calculated through a specialized system from Moody's. The system has a model calculation that is used to reach the (LGD):

A. Clean Basis Exposure: The loss ratio is calculated based on the economic sector, the probability of default and the geographical area of the customer.
B. Exposure to acceptable collateral Credits: which include the covered and unsecured portion, are considered when calculating losses at default. Haircut ratios are defined in accordance with the requirements of the Central Bank of Jordan

- **Exposure at Default (EAD):** This is the present value of used and unused facilities at defaults, in addition to any outstanding receivables, plus any accrued interest not received.

  All the above ratios shall be entered at the level of each account / instrument together with details of facilities / financial instruments on the expected credit loss calculation system which also calculates exposure at default (EAD).

Retail Portfolio:
- Probability of Default (PD): is calculated based on the relationship between the historical regression ratios of each product and the economic variables.
- Loss Given Default (LGD) is calculated based on historical bad debts compared with its time of default.
- Exposure at default (EAD) for both personal loans and housing loans is calculated based on future cash flows (cash flows according to repayment schedules) For credit cards, credit exposure is assumed to be equal to the current outstanding balance plus a certain percentage of the unutilized balance Based on a study by Moody’s.

Determines the significant change in credit risk that the Bank has relied on in calculating the expected credit losses.

Stage	Nature of the accounts within the stage.
First Stage Stage 1 (First recognition)	Regular financial instruments - Financial instruments with less than 30 days' receivables. - Customers with a risk rating of -6 and below. - Bonds and financial investments with a credit rating of B1 and above according to Moody's.
Second Stage Stage 2 (Credit quality decline)	Regular financial instruments that have shown a significant increase in credit risk since the date of initial recognition. - Financial instruments that have dues from 30-90 days. - Current and under-exposed accounts if the period of non-payment is more than 30 days and less than 90 days. - Customers with a risk score of +7, 7, and 7. - Bonds and financial investments that carry a credit rating between B1 and Caa3 - A decline in the possibility of stumbling to the customer by 2% and above. - A decline in the credit rating since the initial recognition of bonds and financial investments by four degrees or more. - All accounts classified under observation. - The ceilings that have expired and have not been renewed or have not been postponed.
Third Stage Stage 3 (Decrease in credit value)	Unregulated financial instruments that have objective evidence / evidence to default with a negative impact on the future cash flow of the financial instrument.

1. The Bank's policy in identifying the common elements on which the credit risk and expected credit loss were measured on a collective basis.

The Retail Portfolio is calculated on a lump sum basis. The portfolio was divided into three categories:

1) Personal loans
2) Housing loans.
3) Credit cards.
   These categories share the same credit characteristics:
4) Credit Product Type
5) Quality of guarantees

- **Macroeconomic Factors, Forward Looking Information (FLI) and Multiple Scenarios**
  The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk must consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information will require significant judgment from the bank's management.

  PD, Loss Given Default (LGD) and Exposure At Default (EAD) inputs used to estimate Stage 1 and Stage 2 credit loss allowances are modelled based on the macroeconomic variables (or changes in macroeconomic variables) that are most closely correlated with credit losses in the relevant portfolio. Each macroeconomic scenario used in our expected credit loss calculation will have forecasts of the relevant macroeconomic variables.

Covid-19 impact on scenarios and assumptions:
Due to developments and the abnormal situation resulting from (Covid-19), an additional scenario was used by the management to calculate the expected credit losses to become four scenarios and these four scenarios continued to work during 2021.

- The bank uses the following macroeconomic indicators when performing futuristic forecasts for the countries that it operates in:
  1. Gross Domestic Product
  2. Unemployment rate
  3. Stock market index price
  4. Oil prices

- The bank uses four scenarios to reach a probable value when to estimate the expected credit losses as follows:
  1. Main scenario(Baseline) weighted 10%
  2. Best scenario(Optimistic S1) weighted 20%
  3. Worst case scenario 1 (Pessimistic S3) weighted 30%
  4. Worst case scenario 2 (Pessimistic S4) weighted 40%

These scenarios are extracted from Data Buffet system of Moodys in 14 historical values format and 20 future estimated value(Forecasted) for all the previously mentioned macroeconomic indicators.

The probable options are estimated according to the best approximation related to the historical probability and current affairs. The probable scenarios are evaluated every three months. All scenarios are implemented to all the wallets that are subject to expected credit losses.

- **Definition of Default**
  The definition of default used in the measurement of expected credit losses and the assessment to determine movement between stages will be consistent with the definition of default used for internal credit risk management purposes. IFRS 9 does not define default, but contains a rebuttable presumption that default has occurred when an exposure is greater than 90 days past due.

B. INCOME TAX
Income tax expenses represent accrued taxes and deferred taxes,
Income tax expenses are accounted for on the basis of taxable income, Moreover taxable income differs from income declared in the consolidated financial statements because the latter includes non-taxable revenues or taxable expenses disallowed in the current year but deductible in subsequent years accumulated losses acceptable by the tax law and items not accepted for tax purposes or subject to tax.

Taxes are calculated on the basis of the tax rates according to the prevailing laws regulations and instructions of the countries where the bank operates.

Deferred taxes are taxes expected to be paid or recovered as a result of temporary timing differences between the value of the assets and liabilities in the consolidated financial statements and the value of the taxable amount, Deferred tax is calculated on the basis of the liability method in the consolidated statement of financial position according to the rates expected to be applied when the tax liability is settled or tax assets are recognized.

Deferred tax assets and liabilities are reviewed as of the date of the consolidated financial statements and reduced in case it is expected that no benefit will arise from payment or the elimination of the need for deferred tax liabilities partially or totally.

C. FAIR VALUE

Fair value represents the closing market price (Assets Purchasing / Liabilities Selling) of financial assets and derivatives on the date of the consolidated financial statements in active markets, In case declared market prices do not exist active trading of some financial assets and derivatives is not available or the market is inactive fair value is estimated by one of several methods including the following:

- Comparison with the fair value of another financial asset with similar terms and conditions.
- Analysis of the present value of expected future cash flows for similar instruments.
- Adoption of the option pricing models.
- Evaluation of long-term assets and liabilities that bear no interest through discounting cash flows and amortizing premium / discount using the effective interest rate method within interest revenue / expense in the consolidated statement of income.

The valuation methods aim to provide a fair value reflecting the market's expectations taking into consideration the market expected risks and expected benefits when the value of the financial assets, When the financial assets fair value can't be reliably measured, they are stated at cost less any impairment.

5. Cash and Balances at the Central Bank of Jordan

This item consists of the following:

	2021	2020
	JD	JD
Cash in vaults	19,449,736	17,489,435
Balances at Central Bank of Jordan:		
Statutory Cash reserve	61,698,732	57,296,556
Current accounts	195,674,688	121,655,035
Total	276,823,156	196,441,026

Except for the statutory cash reserve there are no restricted balances at the Central Bank of Jordan as of 31 December 2021 and 2020.
There are no certificates of deposits maturing in the period exceeding three months as of 31 December 2021 and 2020.

Cash and balances at the Central Bank of Jordan classification based on the Bank's internal credit rating is as follows:

	2021				2020
	Stage 1	Stage 2	Stage 3	Total	
	JD	JD	JD	JD	JD
Low risk (2-6)	257,373,420	-	-	257,373,420	178,951,591
Acceptable risk (7)	-	-	-	-	-
High risk (8-10)	-	-	-	-	-
Total balances as of 31 December 2021	257,373,420	-	-	257,373,420	178,951,591

The movement on balances at Central Bank of Jordan as of 31 December 2021 is as follows:

	2021				2020
	Stage 1	Stage 2	Stage 3	Total	
	JD	JD	JD	JD	JD
Total balances as of 1 January 2021	178,951,591	-	-	178,951,591	110,291,280
New balances	96,563,422	-	-	96,563,422	110,067,622
Paid balances	(18,141,593)	-	-	(18,141,593)	(41,407,311)
Total Balances as of 31 December 2021	257,373,420	-	-	257,373,420	178,951,591

The movement on expected credit losses for balances at Central Bank of Jordan as of 31 December 2021 is as follows:

	2021				2020
	Stage 1	Stage 2	Stage 3	Total	
	JD	JD	JD	JD	JD
Total balances as of 1 January 2021	-	-	-	-	-
New balances	-	-	-	-	-
Paid balances	-	-	-	-	-
Total balances as of 31 December 2021		-	-	-	-

6. Balances At Banks And Financial Institutions - Net

This item consists of the following:

Description	Local banks and financial institutions		Foreign banks and financial institutions		Total	
	2021	2020	2021	2020	2021	2020
	JD	JD	JD	JD	JD	JD
Current and call accounts	279,628	89,316	200,805,428	233,117,194	201,085,056	233,206,510
Deposits maturing within 3 months or less	-	-	60,626,540	78,999,280	60,626,540	78,999,280
Total	279,628	89,316	261,431,968	312,116,474	261,711,596	312,205,790
Less: ECL provision	-	-	(118,649)	(63,131)	(118,649)	(63,131)
	279,628	89,316	261,313,319	312,053,343	261,592,947	312,142,659

The balances at banks and financial institutions that bears no interest amounted to JD 210,719,775 as of 31 December 2021 (JD 243,658,477 as of 31 December 2020).

There are no restricted balances at banks and financial institutions as of 31 December 2021 and 2020.

Balances at banks and financial institutions' classification based on the Bank's internal credit rating.

	2021				2020
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Low risk (2-6)	240,495,701	-	-	240,495,701	297,075,547
Acceptable risk (7)	-	21,215,895	-	21,215,895	15,130,243
High risk (8-10)	-	-	-	-	-
Total	240,495,701	21,215,895	-	261,711,596	312,205,790

- The probability of default for the low risk classification varies between 0-0.84% and 0-0.89% in the prior year.
- The probability of default for the acceptable risk classification is 0.98% and 1.677% in the prior year.

The movement on balances at banks and financial institutions as of 31 December 2021 is as follows:

	2021				2020
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Total Balances as of 1 January 2021	297,075,547	15,130,243	-	312,205,790	291,478,992
New balances	156,427,251	11,567,185	-	167,994,436	134,164,494
Paid balances	(213,007,097)	(5,481,533)	-	(218,488,630)	(113,437,696)
Total Balances as of 31 December 2021	240,495,701	21,215,895	-	261,711,596	312,205,790

The movement on the expected credit losses for balances at banks and financial institutions as of 31 December 2021 is as follows:

	2021				2020
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Total Balances as of 1 January 2021	55,857	7,274	-	63,131	38,315
New balances	-	55,518	-	55,518	24,816
Paid balances	-	-	-	-	-
Total Balances as of 31 December 2021	55,857	62,792	-	118,649	63,131

7. Deposits At Banks And Financial Institutions - Net

This Item consists of the following:

Description	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	2021	2020	2021	2020	2021	2020
	JD	JD	JD	JD	JD	JD
Deposits maturing within 3 - 6 months	-	-	-	14,240,395	-	14,240,395
Deposits maturing within 6 - 9 months	-	-	-	-	-	-
Deposits maturing from 9 months to one year	-	-	-	-	-	-
Total	-	-	-	14,240,395	-	14,240,395
Less: ECL	-	-	-	(55,518)	-	(55,518)
Total	-	-	-	14,184,877	-	14,184,877

- There are no restricted balances at banks and financial institutions of 31 December 2021 and 2020.
- There are no restricted depoists as of 31 December 2021 and 2020.

Distribution of deposits at banks and financial institutions according to the Bank's internal credit rating:

	2021				2020
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Low risk (2 - 6)	-	-	-	-	8,508,000
Acceptable risk (7)	-	-	-	-	5,732,395
High risk (8 - 10)	-	-	-	-	-
Total	-	-	-	-	14,240,395

- The probability of default varies to zero compare 0.61% in the prior period.
- The acceptable probability of default varies to zero compare to 1.677% -1.689% in the prior year.

The movement on deposits at banks and financial institutions as of 31 December 2021 is as follows:

	2021				2020
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Total Balances as of 1 January 2021	8,508,000	5,732,395	-	14,240,395	24,900,628
New balances	-	-	-	-	9,782,479
Paid balances	(8,508,000)	(5,732,395)	-	(14,240,395)	(20,442,712)
Total Balances as of 31 December 2021	-	-	-	-	14,240,395

The movement on the expected credit losses for deposits at banks and financial institutions as of 31 December 2021 is as follows:

	2021				2020
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Total Balances as of 1 January 2021	-	55,518	-	55,518	55,518
New balances	-	-	-	-	-
Paid balances	-	(55,518)	-	(55,518)	-
Total Balances as of 31 December 2021	-	-	-	-	55,518

8. Financial Assets at Fair value Through Profit or Loss

This item consists of the following:

	2021	2020
	JD	JD
Quoted equity shares	1,606,418	1,246,038

9. Financial Assets at Fair Value Through other Comprehensive Income

Financial assets at fair value through comprehensive income classified based on IFRS 9:

	2021	2020
	JD	JD
Quoted financial assets:		
Corporate shares	13,896,318	11,259,280
Total quoted financial assets	13,896,318	11,259,280
Unquoted financial assets:		
Corporate shares	6,058,569	5,938,934
Total unquoted financial assets	6,058,569	5,938,934
Total	19,954,887	17,198,214

No Losses from financial assets through other comprehensive income as at 31 December 2021 (JD 1,181,754 as at 31 December 2020).

Cash dividends on the investments above amounted to JD 227,551 for the year ended 31 December 2021 (JD 55,503 for the year ended 31 December 2020).

10. Direct Credit Facilities - Net

This item consists of the following:

	2021	2020
	JD	JD
Individuals (Retail)		
Loans *	169,958,714	130,842,366
Credit cards	6,107,765	7,442,622
Housing loans	114,486,754	103,658,756
Large companies		
Loans *	339,396,888	382,807,094
Overdraft	120,442,624	89,663,167
Small and medium companies		
Loans *	33,498,236	37,820,588
Overdraft	7,030,546	4,086,526
Government & public sector	95,222,767	100,184,519
Total	886,144,294	856,505,638
Less: provision for impairment of direct credit facilities	(19,011,542)	(20,497,787)
Less: suspended interest	(3,224,613)	(2,959,351)
Net credit facilities	863,908,139	833,048,500

* Net after deducting interests and commission received in advance.

- Non-performing credit facilities amounted to 12,251,755 representing 1.38% of direct credit facilities balance as of 31 December 2021 (JD 15,420,174 representing 1.8 % of the granting balance for the previous year).

- Non-performing credit facilities net of interest in suspense amounted to JD 10,416,550 representing 1.18% of direct credit facilities balance net of interest in suspense (JD 14,014,657 representing 1.64 % for the previous year).

- Credit facilities granted to and guaranteed by the Jordanian Government amounted to JD 126,514,447 representing 14.28% of total direct credit facilities as of 31 December 2021 (JD 134,615,610 representing 15.72 % for the previous year).

The movement on the direct credit facilities at as of 31 December 2021:

	Individuals	Small and medium entities	Corporate	Real Estate Loans	Government and Public Sector	2021	2020
	JD	JD	JD	JD	JD	JD	JD
Balance as of 1 January 2021	138,284,988	41,907,114	472,470,261	103,658,756	100,184,519	856,505,638	831,489,505
New balances through the year	93,276,572	11,474,696	136,389,928	33,057,043	35,450,000	309,648,239	122,424,024
Repaid balances	(53,614,242)	(11,339,566)	(139,414,118)	(20,295,941)	(40,411,752)	(265,075,619)	(111,975,901)
Net transferred in stage 1	(1,750,320)	(1,886,353)	4,830,137	(1,088,294)	-	105,170	(22,572,705)
Net transferred in stage 2	518,270	1,806,549	(4,830,137)	802,834	-	(1,702,484)	19,547,094
Net transferred in stage 3	1,232,050	79,804	-	285,460	-	1,597,314	3,025,611
Net effect resulted by changes on categories of stages	(252,267)	116,572	(1,511,350)	(233,503)	-	(1,880,548)	18,652,205
Changes from adjustments	-	(1,000,333)	(8,094,923)	(1,041,620)	-	(10,136,876)	(878,377)
Transferred to off balance sheet	(1,628,572)	(629,701)	(286)	(657,981)	-	(2,916,540)	(3,205,818)
Written off balances	-	-	-	-	-	-	-
Adjustments result from foreign exchange	-	-	-	-	-	-	-
Balance as of 31 December 2021	176,066,479	40,528,782	459,839,512	114,486,754	95,222,767	886,144,294	856,505,638

Provision for impairment of direct credit facilities as at 31 December 2021:

	Individuals	Small and medium entities	Corporate	Real Estate Loans	Government and Public Sector	2021	2020
	JD	JD	JD	JD	JD	JD	JD
Balance as of 1 January 2021	7,029,482	3,503,700	7,807,681	2,102,079	54,845	20,497,787	13,279,473
Provision on new balances through the year	700,764	1,022,013	785,871	1,291,046	-	3,799,694	12,003,900
Recovered provision from repaid balances	(228,507)	(231,676)	(1,736,168)	(440,486)	-	(2,636,837)	(4,392,693)
Net transferred in stage 1	(19,975)	12,040	248,004	62,389	-	302,458	43,939
Net transferred in stage 2	29,341	(12,040)	(248,004)	202,496	-	(28,207)	186,343
Net transferred in stage 3	(9,366)	-	-	(264,885)	-	(274,251)	(230,282)
Net effect resulted by changes on categories of stages	(149,365)	69,883	423,096	(114,680)	-	228,934	2,301,336
Changes from adjustments	(61,067)	(30,905)	(464,049)	26,237	-	(529,784)	267,004
Transferred to off balance sheet	(618,707)	(767,428)	-	(962,117)	-	(2,348,252)	(2,961,233)
Written off balances	-	-	-	-	-	-	-
Adjustments result from foreign exchange	-	-	-	-	-	-	-
Balance as of 31December 2021	6,672,600	3,565,587	6,816,431	1,902,079	54,845	19,011,542	20,497,787
Redistribution:							
Provisions as Individual level	2,823,373	3,565,587	6,816,431	1,123,363	54,845	14,383,599	13,118,069
Provision as Aggregate level	3,849,227	-	-	778,716	-	4,627,943	7,379,718
Provision Coverage Rate	3.79%	8.8%	1.48%	1.66%	0.06%	2.15%	2.39%

- The amount of 2,636,837 JOD was reversed and reclassified to the facilities provision.

The opening balances were reclassified as per the Central Bank of Jordan regulation (JD 4,392,693 for the year ended 31 December 2020).

Direct credit facilities of individuals distributed into Credit rating categories based on Bank's internal system:

	2021				2020
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Low risk (2 - 6)	162,734,580	-	-	162,734,580	125,138,755
Acceptable risk (7)	-	9,431,321	-	9,431,321	9,429,625
High risk (8- 10)	-	-	3,900,578	3,900,578	3,716,608
Total	162,734,580	9,431,321	3,900,578	176,066,479	138,284,988

- The probability of low risks default ranges from 0.06% - 7.53% compared to 0.08% - 8.36% from the previous year.
- The probability of acceptable risks default ranges from 5.97% - 79.52% versus 2.52% - 48.45% from the previous year
- The probability of high risks default is 100% compared to 100% from the previous year.

Movement on the direct credit facilities for individuals:

	2021				2020
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance as of 1 January 2021	125,138,755	9,429,625	3,716,608	138,284,988	127,837,471
New balances through the year	89,381,812	1,922,954	1,971,806	93,276,572	20,156,642
Repaid balances	(49,631,535)	(1,945,030)	(2,037,677)	(53,614,242)	(8,498,890)
Net transferred in stage 1	624,207	(578,282)	(45,925)	-	-
Net transferred in stage 2	(1,325,534)	1,440,052	(114,518)	-	-
Net transferred in stage 3	(1,048,993)	(343,500)	1,392,493	-	-
Net effect resulted by changes on categories of stages	(73,634)	(79,191)	(99,442)	(252,267)	(90,250)
Changes from adjustments	-	-	-	-	-
Transferred to off balance sheet	(330,498)	(415,307)	(882,767)	(1,628,572)	(1,119,985)
Written off balances	-	-	-	-	-
Adjustments result from foreign exchange	-	-	-	-	-
Balance as of 31 December 2021	162,734,580	9,431,321	3,900,578	176,066,479	138,284,988

Movement on ECL of individual facilities:

	2021				2020
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance as of 1 January 2021	3,486,176	499,302	3,044,004	7,029,482	3,614,067
Provision on new balances through the year	15,272	86,423	599,069	700,764	5,602,578
Recovered provision from repaid balances	(65,827)	(117,476)	(45,204)	(228,507)	(200,867)
Net transferred in stage 1	25,305	(14,116)	(11,189)	-	-
Net transferred in stage 2	(25,276)	51,844	(26,568)	-	-
Net transferred in stage 3	(20,004)	(8,387)	28,391	-	-
Net effect resulted by changes on categories of stages	(16,096)	11,838	(145,107)	(149,365)	313,865
Changes from adjustments	3,155	-	(64,222)	(61,067)	34,136
Transferred to off balance sheet	(18,163)	(10,126)	(590,418)	(618,707)	(2,334,297)
Written off balances	-	-	-	-	-
Adjustments result from foreign exchange	-	-	-	-	-
Balance as of 31December 2021	3,384,542	499,302	2,788,756	6,672,600	7,029,482
Rate of provision coverage	2.08%	5.29%	71.50%	3.79%	5.08%

Direct credit facilities of Small and medium entities distributed into Credit rating categories based on Bank's internal system:

	2021				2020
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Low risk (2 - 6)	29,502,340	-	-	29,502,340	30,518,839
Acceptable risk (7)	-	10,012,175	-	10,012,175	10,263,433
High risk (8- 10)	-	-	1,014,267	1,014,267	1,124,842
Total	29,502,340	10,012,175	1,014,267	40,528,782	41,907,114

- The probability of default for the low risk ranges from 0.03% - 3.21% compared to 0.07% - 6.16% in the prior year.
- The probabitly of default for the acceptable risk ranges from 0.16% - 9.11% compared to 1.41% - 29.18% in the prior year.
- The probability of high risks default is 100% compared to 100% in the previous year.

Movement on the direct credit facilities for small and medium entities:

	2021				2020
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance as of 1 January 2021	30,518,839	10,263,433	1,124,842	41,907,114	30,174,438
New balances through the year	10,249,158	889,701	335,837	11,474,696	17,316,309
Repaid balances	(8,382,160)	(2,775,983)	(181,423)	(11,339,566)	(7,012,330)
Net transferred in stage 1	683,908	(683,908)	-	-	-
Net transferred in stage 2	(2,490,457)	2,490,457	-	-	-
Net transferred in stage 3	(79,804)	-	79,804	-	-
Net effect resulted by changes on categories of stages	54,574	53,075	8,923	116,572	445,881
Changes from adjustments	(779,398)	(220,935)	-	(1,000,333)	1,969,237
Transferred to off balance sheet	(272,320)	(3,665)	(353,716)	(629,701)	(986,421)
Written off balances	-	-	-	-	-
Adjustments result from foreign exchange	-	-	-	-	-
Balance as of 31December 2021	29,502,340	10,012,175	1,014,267	40,528,782	41,907,114

Movement on ECL of small and medium entities facilities:

	2021				2020
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance as of 1 January 2021	1,387,759	1,599,730	516,211	3,503,700	2,301,589
Provision on new balances through the year	22,737	29,136	970,140	1,022,013	2,259,139
Recovered provision from repaid balances	(88,910)	(45,304)	(97,462)	(231,676)	(625,239)
Net transferred in stage 1	22,841	(22,841)	-	-	-
Net transferred in stage 2	(10,801)	10,801	-	-	-
Net transferred in stage 3	-	-	-	-	-
Net effect resulted by changes on categories of stages	(20,664)	45,106	45,441	69,883	17,068
Changes from adjustments	(14,007)	(16,898)	-	(30,905)	89,947
Transferred to off balance sheet	-	-	(767,428)	(767,428)	(538,804)
Written off balances	-	-	-	-	-
Adjustments result from foreign exchange	-	-	-	-	-
Balance as of 31December 2021	1,298,955	1,599,730	666,902	3,565,587	3,503,700
Rate of provision coverage	4.4%	15.98%	65.75%	8.80%	8.36%

Direct credit facilities of corporate distributed into Credit rating categories based on Bank's internal system:

	2021				2020
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Low risk (2 - 6)	406,821,506	-	-	406,821,506	415,715,699
Acceptable risk (7)	-	49,806,984	-	49,806,984	51,265,122
High risk (8- 10)	-	-	3,211,022	3,211,022	5,489,440
Total	406,821,506	49,806,984	3,211,022	459,839,512	472,470,261

- The probability of default for the low risk ranges between 0.05% - 3.24% compared to 0.02% - 4.97% in the prior year.
- The probabilty of default for the acceptible risk ranges between 0.52% - 16.58% compared to 0.96% - 15.39% in the prior year.
- The probability of default for the high risk classification ranges between 100% to 100% from the prior year.

Movement on the direct credit facilities for corporate:

	2021				2020
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance as of 1 January 2021	415,715,699	51,265,122	5,489,440	472,470,261	430,973,884
New balances through the year	99,836,798	36,544,046	9,084	136,389,928	79,408,511
Repaid balances	(103,742,043)	(33,384,573)	(2,287,502)	(139,414,118)	(52,949,669)
Net transferred in stage 1	6,432,014	(6,432,014)	-	-	-
Net transferred in stage 2	(1,601,877)	1,601,877	-	-	-
Net transferred in stage 3	-	-	-	-	-
Net effect resulted by changes on categories of stages	(1,724,058)	212,708	-	(1,511,350)	18,774,199
Changes from adjustments	(8,094,923)	-	-	(8,094,923)	(2,847,614)
Transferred to off balance sheet	(104)	(182)	-	(286)	(889,050)
Written off balances	-	-	-	-	-
Adjustments result from foreign exchange	-	-	-	-	-
Balance as of 31 December 2021	406,821,506	49,806,984	3,211,022	459,839,512	472,470,261

Movement on ECL of corporate facilities:

	2021				2020
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance as of 1 January 2021	2,149,705	2,680,294	2,977,682	7,807,681	5,513,509
Provision on new balances through the year	398,165	333,624	54,082	785,871	3,613,109
Recovered provision from repaid balances	(1,427,509)	(124,637)	(184,022)	(1,736,168)	(2,865,251)
Net transferred in stage 1	252,637	(252,637)	-	-	-
Net transferred in stage 2	(4,633)	4,633	-	-	-
Net transferred in stage 3	-	-	-	-	-
Net effect resulted by changes on categories of stages	55,915	39,017	328,164	423,096	1,403,393
Changes from adjustments	(286,799)	(177,250)	-	(464,049)	142,921
Transferred to off balance sheet	-	-	-	-	-
Written off balances	-	-	-	-	-
Adjustments result from foreign exchange	-	-	-	-	-
Balance as of 31December 2021	1,137,481	2,503,044	3,175,906	6,816,431	7,807,681
Rate of provision coverage	0.28%	5.03%	98.91%	1.48%	1.65%

Direct credit facilities of real estate loans distributed into Credit rating categories based on Bank's internal system:

	2021				2020
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Low risk (2 - 6)	106,505,707	-	-	106,505,707	91,845,105
Acceptable risk (7)	-	3,855,159	-	3,855,159	6,724,367
High risk (8- 10)	-	-	4,125,888	4,125,888	5,089,284
Total	106,505,707	3,855,159	4,125,888	114,486,754	103,658,756

- The probability of default for the low risk ranges between 0.08% - 3.34% compared to 0.26% - 4.27% in the prior year.
- The probabilty of default for the acceptible risk ranges between 1.18% - 6.26% compared to 4.84% - 7.15% in the prior year.
- The probability of default for the high risk classification ranges between 100% to 100% from the prior year.

Movement on the direct credit facilities for real estate loans:

	2021				2020
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance as of 1 January 2021	91,845,105	6,724,367	5,089,284	103,658,756	103,490,576
New balances through the year	32,667,513	28,811	360,719	33,057,043	5,542,562
Repaid balances	(16,328,117)	(3,510,268)	(457,556)	(20,295,941)	(4,686,395)
Net transferred in stage 1	988,218	(730,664)	(257,554)	-	-
Net transferred in stage 2	(1,400,520)	2,229,532	(829,012)	-	-
Net transferred in stage 3	(675,992)	(696,034)	1,372,026	-	-
Net effect resulted by changes on categories of stages	(90,173)	(190,585)	47,255	(233,503)	(477,625)
Changes from adjustments	(500,327)	-	(541,293)	(1,041,620)	-
Transferred to off balance sheet	-	-	(657,981)	(657,981)	(210,362)
Written off balances	-	-	-	-	-
Adjustments result from foreign exchange	-	-	-	-	-
Balance as of 31 December 2021	106,505,707	3,855,159	4,125,888	114,486,754	103,658,756

Movement on ECL of real estate loans facilities:

	2021				2020
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance as of 1 January 2021	461,815	445,695	1,194,569	2,102,079	1,814,574
Provision on new balances through the year	90,344	255,618	945,084	1,291,046	509,963
Recovered provision from repaid balances	(6,626)	(262,228)	(171,632)	(440,486)	(701,336)
Net transferred in stage 1	70,137	(4,872)	(65,265)	-	-
Net transferred in stage 2	(5,343)	212,007	(206,664)	-	-
Net transferred in stage 3	(2,405)	(4,639)	7,044	-	-
Net effect resulted by changes on categories of stages	(68,075)	(195,886)	149,281	(114,680)	567,010
Changes from adjustments	(1,292)	-	27,529	26,237	-
Transferred to off balance sheet	-	-	(962,117)	(962,117)	(88,132)
Written off balances	-	-	-	-	-
Adjustments result from foreign exchange	-	-	-	-	-
Balance as of 31 December 2021	538,555	445,695	917,829	1,902,079	2,102,079
Rate of provision coverage	0.51%	11.56%	22.25%	1.66%	2.03%

Direct credit facilities of government and public sector distributed into Credit rating categories based on Bank's internal system:

	2021				2020
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Low risk (2 - 6)	90,116,202	-	-	90,116,202	93,753,335
Acceptable risk (7)	-	5,106,565	-	5,106,565	6,431,184
High risk (8- 10)	-	-	-	-	-
Total	90,116,202	5,106,565	-	95,222,767	100,184,519

- The probability of default for the acceptable risk ranges from 0.1% - 2.51% in the prior year.

Movement on the direct credit facilities for government and public sector:

	2021				2020
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance as of 1 January 2021	93,753,335	6,431,184	-	100,184,519	139,013,136
New balances through the year	35,450,000	-	-	35,450,000	-
Repaid balances	(39,087,133)	(1,324,619)	-	(40,411,752)	(38,828,617)
Net transferred in stage 1	-	-	-	-	-
Net transferred in stage 2	-	-	-	-	-
Net transferred in stage 3	-	-	-	-	-
Net effect resulted by changes on categories of stages	-	-	-	-	-
Changes from adjustments	-	-	-	-	-
Transferred to off balance sheet	-	-	-	-	-
Written off balances	-	-	-	-	-
Adjustments result from foreign exchange	-	-	-	-	-
Balance as of 31 December 2021	90,116,202	5,106,565	-	95,222,767	100,184,519

Movement on ECL of government and public sector loans facilities:

	2021				2020
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance as of 1 January 2021	-	54,845	-	54,845	35,734
Provision on new balances through the year	-	-	-	-	19,111
Recovered provision from repaid balances	-	-	-	-	-
Net transferred in stage 1	-	-	-	-	-
Net transferred in stage 2	-	-	-	-	-
Net transferred in stage 3	-	-	-	-	-
Net effect resulted by changes on categories of stages	-	-	-	-	-
Changes from adjustments	-	-	-	-	-
Transferred to off balance sheet	-	-	-	-	-
Written off balances	-	-	-	-	-
Adjustments result from foreign exchange	-	-	-	-	-
Balance as of 31 December 2021	-	54,845	-	54,845	54,845
Rate of provision coverage	-	1.07%	-	0.06%	0.05%

Total direct credit facilities distributed into Credit rating categories based on Bank's internal system:

	2021				2020
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Low risk (2 - 6)	795,680,335	-	-	795,680,335	756,971,733
Acceptable risk (7)	-	78,212,204	-	78,212,204	84,113,731
High risk (8- 10)	-	-	12,251,755	12,251,755	15,420,174
Total	795,680,335	78,212,204	12,251,755	886,144,294	856,505,638

- The probability of default for the low risk ranges zero – 7.53% compared to 0 – 8.36% in the prior year.
- The probability of default for the acceptable risk ranges from 0.16% 79.52% compared to 0.96% - 48.45% in the prior year.
- The probability of default for the high risk classification ranges between 100% to 100% in the prior year

Movement on the accumulated direct credit facilities:

	2021				2020
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance as of 1 January 2021	756,971,733	84,113,731	15,420,174	856,505,638	831,489,505
New balances through the year	267,585,281	39,385,512	2,677,446	309,648,239	122,424,024
Repaid balances	(217,170,988)	(42,940,473)	(4,964,158)	(265,075,619)	(111,975,901)
Net transferred in stage 1	8,728,347	(8,424,868)	(303,479)	-	-
Net transferred in stage 2	(6,818,388)	7,761,918	(943,530)	-	-
Net transferred in stage 3	(1,804,789)	(1,039,534)	2,844,323	-	-
Net effect resulted by changes on categories of stages	(1,833,291)	(3,993)	(43,264)	(1,880,548)	18,652,205
Changes from adjustments	(9,374,648)	(220,935)	(541,293)	(10,136,876)	(878,377)
Transferred to off balance sheet	(602,922)	(419,154)	(1,894,464)	(2,916,540)	(3,205,818)
Written off balances	-	-	-	-	-
Adjustments result from foreign exchange	-	-	-	-	-
Balance as of 31December 2021	795,680,335	78,212,204	12,251,755	886,144,294	856,505,638

Movement on ECL of accumulated direct credit facilities:

	2021				2020
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance as of 1 January 2021	7,485,455	5,279,866	7,732,466	20,497,787	13,279,473
Provision on new balances through the year	526,518	704,801	2,568,375	3,799,694	12,003,900
Recovered provision from repaid balances	(1,588,872)	(549,645)	(498,320)	(2,636,837)	(4,392,693)
Net transferred in stage 1	370,920	(294,466)	(76,454)	-	-
Net transferred in stage 2	(46,053)	279,285	(233,232)	-	-
Net transferred in stage 3	(22,409)	(13,026)	35,435	-	-
Net effect resulted by changes on categories of stages	(48,920)	(99,925)	377,779	228,934	2,301,336
Changes from adjustments	(298,943)	(194,148)	(36,693)	(529,784)	267,004
Transferred to off balance sheet	(18,163)	(10,126)	(2,319,963)	(2,348,252)	(2,961,233)
Written off balances	-	-	-	-	-
Adjustments result from foreign exchange	-	-	-	-	-
Balance as of 31December 2021	6,359,533	5,102,616	7,549,393	19,011,542	20,497,787
Rate of provision coverage	0.80%	6.52%	61.62%	2.15%	2.39%

Interest In Suspense:

The following is the movement on the interest in suspense:

For the year ended 31 December 2021	Individual	Housing loans	Large companies	Small and medium companies	Government and Public Sector	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	819,298	1,408,670	26,034	705,349	-	2,959,351
Add: Interest suspended during the year	722,923	217,857	9,082	198,637	-	1,148,499
Less: Interest in suspense reversed to revenues	(258,878)	(111,442)	-	(11,882)	-	(382,202)
Less: Interest in suspense transferred to off - statement of financial position accounts	(259,735)	(112,851)	-	(114,032)	-	(486,618)
Less: Interest in suspense written off	(14,417)	-	-	-	-	(14,417)
Balance at the end of the year	1,009,191	1,402,234	35,116	778,072	-	3,224,613

For the year ended 31 December 2020						
Balance at the beginning of the year	628,998	1,108,950	17,424	981,737	-	2,737,109
Add: Interest suspended during the year	625,215	501,478	8,610	160,207	-	1,295,510
Less: Interest in suspense reversed to revenues	(199,767)	(112,033)	-	(51,516)	-	(363,316)
Less: Interest in suspense transferred to off - statement of financial position accounts	(229,525)	(72,211)	-	(385,079)	-	(686,815)
Less: Interest in suspense written off	(5,623)	(17,514)	-	-	-	(23,137)
Balance at the end of the year	819,298	1,408,670	26,034	705,349	-	2,959,351

Following is the economic sector of credit facilities - net:

	2021			2020
	Inside Jordan	Outside Jordan	Total	Total
	JD	JD	JD	JD
Financial	8,138,962	-	8,138,962	4,787,133
Industrial	185,862,179	-	185,862,179	229,403,404
Trading	265,990,512	19,069,406	285,059,918	255,411,951
Real Estate	109,111,080	2,071,361	111,182,441	100,148,007
Equities	849,349	-	849,349	306,977
Retail	162,546,279	5,838,409	168,384,688	130,436,207
Governmental and public sector	95,167,922	-	95,167,922	100,129,674
Transportation and Freight	5,427,884	-	5,427,884	5,538,917
Tourism and Hotels	3,834,796	-	3,834,796	6,886,230
Total	836,928,963	26,979,176	863,908,139	833,048,500

Following is the geographical distribution of credit facilities- net:

	31 December 2021	31 December 2020
	JD	JD
Inside Jordan	836,928,963	798,148,016
Asia	20,422,686	26,619,992
Europe	6,556,490	8,280,492
Total	863,908,139	833,048,500

11. Financial Assets at Amortized Cost - Net

This item consists of the following:

	2021	2020
	JD	JD
Quoted financial assets		
Foreign government bonds	706,541	1,411,322
Companies bonds	10,467,548	13,533,973
Total quoted financial assets	11,174,089	14,945,295
Unquoted financial assets		
Governmental bonds and with their guarantee	722,401,235	671,503,426
Companies bonds	1,582,500	1,582,500
Total unquoted financial assets	723,983,735	673,085,926
Total Quoted and Unquoted financial assets	735,157,824	688,031,221
Less: Provision for impairment	(468,203)	(388,203)
Total	734,689,621	687,643,018

Debt instruments analysis:

	2021	2020
	JD	JD
Fixed rate	734,689,621	669,811,386
Variable rate	-	17,831,632
Total	734,689,621	687,643,018

Financial assets at amortized cost classifications based on the Bank's internal credit rating:

Credit rating categories based on Bank's internal system:	2021				2020
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Low risk (2 - 6)	734,575,324	-	-	734,575,324	687,448,721
Acceptable risk (7)	-	-	-	-	-
High risk (8 - 10)	-	-	582,500	582,500	582,500
Total	734,575,324	-	582,500	735,157,824	688,031,221

- The probability of default for the low risk classification ranges between 0 – 1.79% and 0 – 3% in the prior year.
- The probability of default for the high risk classification ranges between 100% to 100% in the prior year.

The movement on the financial assets at amortized cost during 2021 is as follows:

	2021				2020
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Total balance as of 1 January 2021	687,448,721	-	582,500	688,031,221	711,898,725
New balances during the year	151,192,531	-	-	151,192,531	39,631,253
Paid balances	(104,065,928)	-	-	(104,065,928)	(63,498,757)
Net transferred in stage 1	-	-	-	-	-
Net transferred in Stage 2	-	-	-	-	-
Net transferred in Stage 3	-	-	-	-	-
Total balance as of 31 December 2021	734,575,324	-	582,500	735,157,824	688,031,221

The movement of the ECL of the financial assets at amortized cost is as follows:

	2021				2020
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Total Balances as of 1 January 2021	125,703	-	262,500	388,203	280,292
New balances	-	-	80,000	80,000	127,135
Paid balances	-	-	-	-	(19,224)
Total Balances as of 31 December 2021	125,703	-	342,500	468,203	388,203

12. Investment in Associate Company

The following is the movement on the investment in the associate company:

	2021	2020
	JD	JD
Balance at the beginning of the year	22,007,354	20,687,223
The Bank's share in the associate company's profit	394,592	517,295
Foreign currency translation adjustment	(232,479)	802,836
Balance at the end of the year	22,169,467	22,007,354

- Investment in associate company represents the Bank’s share in Jordan International Bank/ London (United Kingdom, which amounts to 25% of capital (GBP 65,000,000)), the Bank’s share in net income for the year ended 31 December 2021 was calculated based on latest unaudited available financial statements as of 31 December 2021, in addition to Bank’s share percentage which is 25%.

- The Bank's right to vote on the General Assembly's decisions regarding this investment is based on the ownership percentage in the investment.

The Bank's share in the associate company's assets, liabilities, and revenues is as follows:

	2021	2020
	JD	JD
Total assets	364,408,433	353,542,629
Total liabilities	275,730,565	265,513,213
Net assets	88,677,868	88,029,416
The Bank's share in net assets	22,169,467	22,007,354
Net income for the year	1,578,368	2,069,176
The Bank's share in net income for the year	394,592	517,295

The Bank's share of 25% in the assets and liabilities and net profit of Jordan International Bank / London has been calculated for the year 2021 as shown above according to the latest unaudited financial statements available on 31 December 2021.

13. Property and Equipment - Net

This item consists of the following:

For the year-ended 31 December 2021	Land	Buildings	Equipment furniture and fixtures	Vehicles	Computers	Solar energy plant	Others	Payments to acquire property and equipments	Right of use	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cost										
Balance at the beginning of the year	22,555,514	38,954,046	13,032,260	1,841,478	3,378,765	4,395,227	8,392,892	1,140,080	4,100,325	97,790,587
Additions	-	-	778,153	277,150	139,831	-	236,246	117,998	559,489	2,108,867
Disposals	-	-	(2,041,582)	(425,532)	(156,243)	-	(170,348)	-	(93,843)	(2,887,548)
Transfers*	-	-	11,019	-	154,504	-	-	(416,652)	-	(251,129)
Balance at the end of the Year	22,555,514	38,954,046	11,779,850	1,693,096	3,516,857	4,395,227	8,458,790	841,426	4,565,971	96,760,777
Accumulated depreciation :										
Balance at the beginning of the year	-	(4,676,040)	(8,195,989)	(1,408,715)	(2,534,388)	(457,699)	(4,873,544)	-	(1,414,314)	(23,560,689)
Depreciation for the year	-	(811,078)	(786,713)	(195,610)	(289,323)	(219,761)	(509,252)	-	(771,015)	(3,582,752)
Disposals	-	-	1,974,763	381,458	155,942	-	168,473	-	31,281	2,711,917
Balance at the end of the year	-	(5,487,118)	(7,007,939)	(1,222,867)	(2,667,769)	(677,460)	(5,214,323)	-	(2,154,048)	(24,431,524)
Net property and equipment at the end of the year	22,555,514	33,466,928	4,771,911	470,229	849,088	3,717,767	3,244,467	841,426	2,411,923	72,329,253

* Transfers represents an amount of JD 251,129 which has been transferred to intangible assets – note (14).

For the year-ended 31 December 2020	Land	Buildings	Equipment furniture and fixtures	Vehicles	Computers	Solar energy plant	Others	Payments to acquire property and equipments	Right of use	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cost										
Balance at the beginning of the year	22,555,514	38,936,517	13,259,454	1,705,666	2,997,360	4,395,227	8,363,189	1,463,482	3,891,911	97,568,320
Additions	-	17,529	207,866	150,200	284,148	-	93,154	825,523	258,835	1,837,255
Disposals	-	-	(533,152)	(14,388)	(9,332)	-	(476,248)	(46,510)	(50,421)	(1,130,051)
Transfers*	-	-	98,092	-	106,589	-	412,797	(1,102,415)	-	(484,937)
Balance at the end of the Year	22,555,514	38,954,046	13,032,260	1,841,478	3,378,765	4,395,227	8,392,892	1,140,080	4,100,325	97,790,587
Accumulated depreciation :										
Balance at the beginning of the year	-	(3,865,859)	(7,959,030)	(1,204,765)	(2,339,730)	(237,938)	(4,811,547)	-	(670,713)	(21,089,582)
Depreciation for the year	-	(810,181)	(765,438)	(218,334)	(203,357)	(219,761)	(510,335)	-	(794,022)	(3,521,428)
Disposals	-	-	528,479	14,384	8,699	-	448,338	-	50,421	1,050,321
Balance at the end of the year	-	(4,676,040)	(8,195,989)	(1,408,715)	(2,534,388)	(457,699)	(4,873,544)	-	(1,414,314)	(23,560,689)
Net property and equipment at the end of the year	22,555,514	34,278,006	4,836,271	432,763	844,377	3,937,528	3,519,348	1,140,080	2,686,011	74,229,898

* Transfers represents an amount of JD 484,937 which has been transferred to intangible assets- note (14) during 2020.
- Property and equipment consists of assets that has been fully depreciated amounting to JD11,336,736 as of 31 December 2021 (JD 12,637,465 as of 31 December 2020).

14. Intangible Assets – Net

This item consists of the following:

	Computer's Software and programs	
	2021	2020
	JD	JD
Balance at the beginning of the year	1,790,547	1,606,866
Additions	455,581	327,751
Transfers (Note 13)*	251,129	484,937
Disposals	(637)	(192)
Amortization for the year	(753,344)	(628,815)
Balance at the end of the Year	1,743,276	1,790,547

* This represents what has been transferred from payments to acquire property and equipment during the year 2020 and 2021.

15. Other Assets

This item consists of the following:

	2021	2020
	JD	JD
Accrued interest and commissions revenue	16,702,331	16,462,583
Prepaid expenses	1,868,234	1,373,880
Assets seized by the Bank *	21,732,040	17,131,863
Stationery and printing	285,333	316,783
Refundable deposits	459,051	458,275
Cheque clearing	584,523	13,703
Others	1,146,916	1,158,218
Total	42,778,428	36,915,305

*** The following is the movement on the assets seized by the Bank:**

	2021	2020
	JD	JD
Balance at the beginning of the year	18,970,863	18,984,263
Additions	5,071,113	517,296
Disposals	(470,936)	(530,696)
	23,571,040	18,970,863
Less: Provision for assets seized by the Bank **	(1,839,000)	(1,839,000)
Balance at the end of the year	21,732,040	17,131,863

** According to Central Bank of Jordan's Law, buildings and plots of land that were foreclosed by the Bank against debts due from clients should be sold within two years from the foreclosure date, however this period could be extended for two more years in exceptional cases by the Central Bank of Jordan.

The movement on provision for assets seized by the Bank is as follows:

	2021	2020
	JD	JD
Balance-Beginning of the year	1,839,000	1,839,000
Balance- End of the year	1,839,000	1,839,000

16. Banks and Financial Institutions' Deposits

This item consists of the following:

	2021			2020		
	Inside the Kingdom	Outside the Kingdom	Total	Inside the Kingdom	Outside the Kingdom	Total
	JD	JD	JD	JD	JD	JD
Current accounts and demand deposits	126,027	3,355,141	3,481,168	2,141,483	4,342,070	6,483,553
Time deposits due within 3 months	230,575,953	251,728,042	482,303,995	231,923,362	285,272,565	517,195,927
Time deposits 3-6 months	-	-	-	-	2,127,000	2,127,000
Time deposits 9-12 months	45,000,000	-	45,000,000	-	-	-
Time deposits over 1 year	29,000,000	-	29,000,000	74,000,000	-	74,000,000
Total	304,701,980	255,083,183	559,785,163	308,064,845	291,741,635	599,806,480

17. Customers' Deposits

This item consists of the following::

31 December 2021	Individual	Large companies	Small and medium companies	Government and Public Sector	Total
	JD	JD	JD	JD	JD
Current accounts and demand deposits	87,289,369	82,074,558	49,342,816	8,346,318	227,053,061
Saving accounts	153,158,694	1,141,894	1,358,186	158,933	155,817,707
Time deposits	591,324,112	80,890,335	33,549,929	108,589,227	814,353,603
Total	831,772,175	164,106,787	84,250,931	117,094,478	1,197,224,371
31 December 2020					
Current accounts and demand deposits	101,112,101	90,389,170	46,692,635	9,386,694	247,580,600
Saving accounts	155,385,252	679,114	912,235	9,078	156,985,679
Time deposits	578,555,704	51,828,858	31,644,683	108,124,550	770,153,795
Total	835,053,057	142,897,142	79,249,553	117,520,322	1,174,720,074

- Deposits of the government and the general public sector inside the kingdom of Jordan amounted to JD 117,094,478 equivalent to 9.8% from the total deposits as of 31 December 2021 (JD 117,520,322 equivalent to 10% as of 31 December 2020).
- Non-interest bearing deposits amounted to JD 212,459,974 equivalent to 17.75 % of total deposits as of 31 December 2021 (JD 226,379,160 equivalent to 19.27 % as of 31 December 2020).
- Restricted deposits amounted to JD 6,281,067 equivalent to 0.52% of total deposits as of 31 December 2021 of which JD 6,277,983 is at Jordan branches and JD 3,084 at Cyprus branch (JD 4,719,881 equivalent to 0.40% as of 31 December 2020 of which JD 3,790 is at Cyprus branch and JD 4,716,091 at Jordan branches).
- Dormant deposits amounted to JD 7,434,791 as of 31 December 2021 (JD 1,227,045 for the previous year).

18. Borrowed Money from the Central Bank of Jordan

This item consists of the following:

31 December 2021	Amount	Maturity date	Collaterals	Payment terms	Interest rate
Central Bank of Jordan	115,000,000	2 January 2022	Treasury Bonds	One payment	2%
Central Bank of Jordan	12,658,228	3 January 2022	Treasury Bonds	One payment	2%
Central Bank of Jordan	6,250,000	5 January 2022	Treasury Bonds	One payment	2%
Central Bank of Jordan	34,188,034	16 January 2022	Treasury Bonds	One payment	2%
Central Bank of Jordan	14,662,757	17 January 2022	Treasury Bonds	One payment	2%
Central Bank of Jordan	9,259,259	23 January 2022	Treasury Bonds	One payment	2%
Central Bank of Jordan- productive projects funding	9,850,838	-	Demand bills of exchange	As periodic maturity	0.5%-1%
Central Bank of Jordan – national program facing covid-19 crisis	17,327,131	-	Demand bills of exchange	Monthly payments	0%
Central Bank of Jordan – National Program stand up	360,901	-	Demand bills of exchange	Monthly payments	1%
Total	219,557,148				
31 December 2020					
Central Bank of Jordan	55,000,000	3 January 2021	Treasury Bonds	One payment	2%
Central Bank of Jordan	6,250,000	6 January 2021	Treasury Bonds	One payment	2%
Central Bank of Jordan	12,272,727	12 January 2021	Treasury Bonds	One payment	2%
Central Bank of Jordan	13,550,136	11 January 2021	Treasury Bonds	One payment	2%
Central Bank of Jordan	8,333,333	12 January 2021	Treasury Bonds	One payment	2%
Central Bank of Jordan- productive projects funding	7,904,427	-	Demand bills of exchange	As periodic maturity	0.5%-1%
Central Bank of Jordan – national program facing covid-19 crisis	17,156,009	-	Demand bills of exchange	Monthly payments	0%
Central Bank of Jordan – National Program stand up	163,000	-	Demand bills of exchange	Monthly payments	1%
Total	120,629,632				

19. Cash Margins

This item consists of the following:

	2021	2020
	JD	JD
Cash margins against direct credit facilities	33,436,405	33,950,480
Cash margins against indirect credit facilities	7,837,956	7,212,542
Total	41,274,361	41,163,022

20. Sundry Provisions

This item consists of the following:

	2021			
	Beginning balance	Provided during the year	Used during the year	Ending balance
	JD	JD	JD	JD
Provision for end of service indemnity	542,144	47,368	(84,024)	505,488
Lawsuits provision	160,417	120,000	(9,730)	270,687
Other provisions	-	20,077	-	20,077
Total	702,561	187,445	(93,754)	796,252
	2020			
Provision for end of service indemnity	514,920	64,936	(37,712)	542,144
Lawsuits provision	162,652	740,000	(742,235)	160,417
Total	677,572	804,936	(779,947)	702,561

21. Income Tax

A- Income tax provision

The movement on the income tax provision is as follows:

	2021	2020
	JD	JD
Balance at the beginning of the year	7,431,319	7,334,878
Income tax paid	(9,094,563)	(8,226,766)
Accrued income tax expense	10,312,698	8,323,207
Balance at the end of the year	8,649,454	7,431,319

B - Income tax in the consolidated statement of income represents the following:

	2021	2020
	JD	JD
Accrued Income tax expense for the year	10,312,698	8,323,207
Amortization of deferred tax assets	30,768	(2,835,431)
Total	10,343,466	5,487,776

C- Tax situation

The Bank has reached a final settlement with the Income and Sales Tax Department for all previous years up to 2018 , In addition, the file of 2014 was reopened during the year 2017 by the Income and Sales Tax Department where the bank will not incur any additional tax charges for that year.

The Bank has submitted its tax returns for the years 2019 and 2020, noting that the income and sales tax department did not review the company date until the date of issuance of these financial statements.

United Arab Jordan Company for Investment and Financial Brokerage (a subsidiary) has reached a final settlement with the Income and Sales Tax Department in Jordan up to the year 2017, In addition the company has submitted its tax returns for the years 2018,2019, and 2020 noting that the income tax department did not review the company data for these years up until the date of issuance of these financial statements, All tax balances due were paid by the company.

A final tax settlement has been reached for the bank in Qatar up to the year 2020.

A final tax settlement has been reached for Cyprus branch up to the year 2020.

The Bank has booked a provision against any expected tax liabilities for the declared years which includes the above-mentioned years, in the opinion of the bank's management and its tax consultant the income tax provision booked in the consolidated financial statement is sufficient to cover any future tax liabilities that may arise.

D- Deferred Tax Assets

The details of this item are as follows:

Accounts Included	2021					2020
	Beginning of the Year	Amount Released	Additional Amounts	End of the Year	Deferred Tax	Deferred Tax
	JD	JD	JD	JD	JD	JD
Provision for impairment of direct credit facilities for stage 1 & 2	8,687,414	-	-	8,687,414	3,301,217	3,301,217
Provision for employee end-of-service Indemnity*	145,864	(80,969)	-	64,895	24,661	55,429
	8,833,278	(80,969)	-	8,752,309	3,325,878	3,356,646

* Deferred tax assets has not been calculated on the total balance of end-of-service indemnity provision as a part of this balance relates to Arab Jordan Investment Bank – Qatar.

The movement on deferred tax assets is as follows:

	2021	2020
	JD	JD
Balance at the beginning of the year	3,356,646	521,215
Addition	-	2,844,330
Released	(30,768)	(8,899)
Balance at the end of the year	3,325,878	3,356,646

E- Reconciliation between accounting profit and taxable profit is as follows:

	2021	2020
	JD	JD
Accounting profit	28,506,682	17,024,479
Non-taxable income	(784,730)	(2,082,950)
Non- deductible expenses	781,950	9,071,079
Taxable profit	28,503,902	24,012,608
Income tax for the year	10,343,466	5,487,776
Effective income tax rate	36.28%	32.23%

According to the Income Tax Law No, (38) for the year 2018 which has come effective from 1 January 2019 income tax expense was calculated at tax rate of 35% and 3% social contribution, as of 31 December 2021 and for the year 31 December 2020.

The tax rate on the Bank's branch in Cyprus is 12.5 % and the subsidiary in Qatar is 10% and 24% for the subsidiary in Jordan,

Deferred tax assets are calculated by 38% of provision for impairment, end of service provision and other provisions as of 31 December 2021, where the management thinks that the deferred taxes are due in future periods.

22. Other Liabilities

This item consists of the following:

	2021	2020
	JD	JD
Accrued interest expense	7,565,331	5,823,626
Accounts payable	25,196,147	14,036,908
Accrued and unpaid expenses	2,297,236	1,997,971
Transfers and checks payable	248,681	206,374
Bank cheques issued	2,325,528	2,203,452
Safe boxes deposits	157,387	152,137
Other deposits	304,033	259,351
Other creditors	241,300	469,665
Dividends payable	1,439,430	895,392
Due to income tax	686,943	113,290
Restricted deposits	40,498	39,801
ECL(Indirect credit facilities)	916,740	911,740
Prepaid Revenues	552,807	578,107
Lease liabilities	2,173,412	2,456,041
Others	587,134	1,033,446
Total	44,732,607	31,177,301

Indirect credit facilities classification based on the Bank's internal credit rating is as follows:

	2021																	2020
	Letters of guarantee				Letters of credit				Acceptances				Unused Balanced				Total	Total
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total		
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance as of 1 January 2021	90,366,836	-	-	90,366,836	9,673,571	-	-	9,673,571	27,286,653	-	-	27,286,653	126,573,301	-	-	126,573,301	253,900,361	248,871,829
New balances	-	-	-	-	-	-	-	-	-	-	-	-	-	1,666,226	-	1,666,226	1,666,226	2,385,660
Paid balances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as of 31 December 2021	90,366,836	-	-	90,366,836	9,673,571	-	-	9,673,571	27,286,653	-	-	27,286,653	126,573,301	1,666,226	-	128,239,527	255,566,587	251,257,489

- The probability of default for the low risk classification ranges between 0 -2.5% and 0-5.93% in the prior year.
- The probability of default for the acceptable risk classification ranges between 0.16 %- 8.84 % and 2.51%-11.16% in the prior year.

The movement on the indirect credit facilities as of 31 December 2021 is as follows:

	2021																	2020
	Letters of guarantee				Letters of credit				Acceptances				Unused Balanced				Total	Total
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total		
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance as of 1 January 2021	96,162,291	-	-	96,162,291	17,173,955	-	-	17,173,955	39,824,400	-	-	39,824,400	95,711,183	2,385,660	-	98,096,843	251,257,489	239,827,796
New balances	-	-	-	-	-	-	-	-	-	-	-	-	41,793,052	662,739	-	42,455,791	42,455,791	30,653,712
Paid balances	(5,795,455)	-	-	(5,795,455)	(7,500,384)	-	-	(7,500,384)	(12,537,747)	-	-	(12,537,747)	(15,970,399)	(375,465)	-	(16,345,864)	(42,179,450)	(19,224,019)
Stage 1	-	-	-	-	-	-	-	-	-	-	-	-	1,619,399	(1,619,399)	-	-	-	-
Stage 2	-	-	-	-	-	-	-	-	-	-	-	-	(240,018)	240,018	-	-	-	-
Stage 3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Result from the classification changes between stages	-	-	-	-	-	-	-	-	-	-	-	-	(373,537)	286,544	-	(86,993)	(86,993)	-
Changes from adjustments	-	-	-	-	-	-	-	-	-	-	-	-	4,033,621	86,129	-	4,119,750	4,119,750	-
Balance as of 31 December 2021	90,366,836	-	-	90,366,836	9,673,571	-	-	9,673,571	27,286,653	-	-	27,286,653	126,573,301	1,666,226	-	128,239,527	255,566,587	251,257,489

The following is the movement on the provision for impairment of indirect credit facilities:

	2021																	2020
	Letters of guarantee				Letters of credit				Acceptances				Unused Balanced				Total	Total
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total		
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance as of 1 January 2021	225,857	-	-	225,857	62,707	-	-	62,707	273,176	-	-	273,176	230,000	120,000	-	350,000	911,740	428,193
New balances	1,250	-	-	1,250	1,320	-	-	1,320	2,430	-	-	2,430	-	-	-	-	5,000	483,547
Paid balances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as of 31 December 2021	227,107	-	-	227,107	64,027	-	-	64,027	275,606	-	-	275,606	230,000	120,000	-	350,000	916,740	911,740

23. Paid-up Capital

The paid-up capital of the Bank is JD 150,000,000 divided into 150,000,000 shares at a par value of JD 1 each as of 31 December 2020 and 2021.

24. Reserves

Statutory Reserve

The amount accumulated in this account is transferred from the annual net income at 10% during the year and previous years according to the companies Law, this reserve cannot be distributed to shareholders.

The restricted reserves are as follows:

Reserve	Amount JD	Nature of restriction
Statutory reserve	37,231,966	According to companies laws

25. Foreign Currency Translation Adjustments

This represents differences resulting from the translation of the net investment in associates and foreign branches outside of Jordan upon consolidation of the financial statements of the Bank and the movement for this account is the following:

	2021	2020
	JD	JD
Balance at the beginning of the year	(2,152,393)	(2,955,229)
Movement during the year	(232,479)	802,836
Balance at the end of the year	(2,384,872)	(2,152,393)

26. Fair Value Reserve - Net

The details of fair value reserve for financial assets at fair value through other comprehensive income according to the international financial reporting standard (9) are as follows:

	2021	2020
	JD	JD
Balance at the beginning of the year	(3,079,877)	(2,067,878)
Unrealized gain	2,106,684	(1,306,889)
Realized losses	-	294,890
Balance at the end of the year	(973,193)	(3,079,877)

- There are no hedging derivatives.

It is restricted to use the negative fair value amounting to JD (973,193), including capitalization, distribution, or amortization of losses or any other use, except to that realized from the sales operations based on the instructions of the Central Bank of Jordan.

27. Retained Earnings

The movement on retained earnings account as the following:

	2021	2020
	JD	JD
Balance at the beginning of the year	26,648,950	18,501,288
Profit for the year	17,090,334	10,814,391
(Losses) from sale of financial assets through comprehensive income	-	(1,181,754)
Transferred to reserves	(2,534,908)	(1,484,975)
Distributed dividends to shareholders	(15,000,000)	-
Balance at the end of the year	26,204,376	26,648,950

- Retained earnings include an amount of JD 3,325,878 as of 31 December 2021 (JD 3,356,646 as of 31 December 2020) restricted against deferred tax assets according to the Central Bank instructions.

28. Proposed Distribution of Dividends to the General Assembly

The Board of Directors of the General Assembly of Shareholders recommended the distribution of 10% of capital as cash dividends to the shareholders equivalent to JD 15,000,000 subject to the approval of the General Assembly of Shareholder. 10% of capital as cash dividends to the shareholders equivalent to JD 15,000,000 were distributed for 2020.

29. Non - Controlling Interest

This item represents other shareholders' interest of 50% (minus two shares) as of 31 December 2021 from the net shareholders' equity of Arab Jordan Investment Bank in Qatar (subsidiary company),

30. Interest Income

This item consists of the following:

	2021	2020
	JD	JD
Direct credit facilities:		
Individuals (retail):		
Loans	10,327,657	9,618,221
Credit cards	1,008,219	1,214,048
Real estate loans	7,845,705	8,054,759
Large companies		
Loans	14,425,842	15,871,625
Overdraft	4,350,093	4,448,464
Small and medium companies		
Loans	4,464,296	5,484,588
Overdraft	594,637	517,634
Government and public sector	5,367,380	6,780,449
Balances at the Central Bank of Jordan	290,466	36,274
Balances and deposits at banks and financial institutions	1,044,697	2,085,621
Financial assets at amortized cost	36,800,972	36,364,769
Total	86,519,964	90,476,452

31. Interest Expense

This item consists of the following:

	2021	2020
	JD	JD
Deposits from banks and financial institutions	7,493,570	11,946,575
Customers' deposits:		
Current accounts and demand deposits	1,217,374	1,314,675
Saving accounts	665,958	709,637
Time and notice deposits	25,712,567	23,916,689
Rent interest	104,162	103,182
Cash margins	493,510	526,781
Deposits guarantee	1,295,413	1,090,724
Total	36,982,554	39,608,263

32. Net Commissions Income

This item consists of the following:

	2021	2020
	JD	JD
Commissions income:		
Direct credit facilities	1,775,994	1,533,595
Indirect credit facilities	6,621,953	5,447,366
Less: Commissions expense	(1,697,515)	(1,425,958)
Net commissions income	6,700,432	5,555,003

33. Foreign Currencies Income

This item consists of the following:

	2021	2020
	JD	JD
Resulting from trading	3,140,164	2,630,150
Resulting from revaluation	64,498	54,265
Total	3,204,662	2,684,415

34. Gain from financial assets at fair value through profit or loss

The details of gains on financial assets of fair value through profit and loss in accordance with IFRS (9) are as follows:

For the year ended 31 December 2021	Realized gains	Unrealized gains	Total
	JD	JD	JD
Corporate equity shares	138,187	112,975	251,162
Total	138,187	112,975	251,162

For the year ended 31 December 2020	Realized gains	Unrealized gains	Total
	JD	JD	JD
Corporate equity shares	28,685	149,955	178,640
Total	28,685	149,955	178,640

35. Cash Dividends On Financial Assets at Fair Value Through Other Comprehensive Income

This item consists of the following:

	2021	2020
	JD	JD
Dividends return on local financial assets	227,551	55,503
Total	227,551	55,503

36. Provision For Expected Credit Losses

This item consists of the following:

Bonds through other comprehensive income	Stage 1		Stage 2		Stage 3		2021	2020
	2021	2020	2021	2020	2021	2020	Total	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Bonds at amortized cost	-	60,635	-	-	80,000	66,500	80,000	127,135
Direct credit facilities	324	4,997,016	-	3,455,402	1,100,000	3,951,491	1,100,324	12,403,909
Banks	-	24,815	-	-	-	-	-	24,815
Indirect credit facilities	5,000	363,547	-	120,000	-	-	5,000	483,547
Total	5,324	5,446,013	-	3,575,402	1,180,000	4,017,991	1,185,324	13,039,406

37. Other Income

This item consists of the following:

	2021	2020
	JD	JD
Gains (Losses) from sale of property and equipment	1,525	(15,334)
(Losses) from sales of repossessed assets	(111,033)	(90,696)
Returns from managed portfolios	10,175	12,447
Commission of salary transfer	37,728	47,731
Returns from shares trading on behalf of customers	248,759	217,312
Recorded revenues from pervious provisions	238,317	2,230,362
Recovered revenues from bad debts	485,592	322,230
Revenues from credit cards sponsorship	60,185	117,390
Other revenues	701,494	722,110
Total	1,672,742	3,563,552

38. Employees Expenses

This item consists of the following:

	2021	2020
	JD	JD
Salaries, bonuses and employees benefits	12,482,883	12,908,023
Bank's contribution in social security	1,416,040	1,466,463
Bank's contribution in saving fund	455,981	500,760
Employees' life insurance	159,921	177,329
Medical expenses	667,900	694,774
Staff training	18,767	2,022
Travel expenses	73,886	62,922
Other	107,645	109,959
Total	15,383,023	15,922,252

39. Other Expenses

This item consists of the following:

	2021	2020
	JD	JD
Short - term rent	1,298,489	1,488,635
Stationery and printing	275,111	324,970
Subscriptions	737,048	742,293
Legal and audit fees	537,650	434,647
Telephone, telex, postage and stamps	812,691	690,360
Insurance expenses	255,681	205,612
Maintenance and repair	682,725	559,842
General services	496,898	457,975
Swift services	123,085	207,536
Security	246,667	233,555
Donations	563,119	1,499,220
Board of directors remunerations	55,000	55,000
Board of directors expenses	988,238	939,340
Foreign currency trading fees	163,997	169,856
Registration and governmental fees	195,877	155,678
Mortgage and insurance fees	634,360	751,591
Consultations	236,904	232,760
Automated clearing (offset) expenses	92,404	86,920
Property tax fees	192,093	206,490
Marketing and advertising expenses	694,032	318,176
Computers and ATMs expenses	1,870,135	1,446,409
Other expenses	1,237,777	1,274,416
Total	12,389,981	12,481,281

40. Basic and Diluted Earnings Per Share (Bank's shareholders)

This item consists of the following:

	2021	2020
	JD	JD
Income for the year	17,090,334	10,814,391
Weighted average number of shares	150,000,000	150,000,000
Basic and diluted earnings per share (Bank shareholders)	0.114	0.072

41. Cash and Cash Equivalents

This item consists of the following:

	2021	2020
	JD	JD
Cash and balances at the Central Bank of Jordan maturing within 3 months	276,823,156	196,441,026
Add: balances at banks and other financial institutions maturing within 3 months	261,711,596	312,205,790
Less: deposits from banks and financial institutions maturing within 3 months	(485,785,163)	(523,679,480)
Total	52,749,589	(15,032,664)

42. Related Parties Transactions

The following is a summary of the transactions with related parties during the year:

	Related party					Total	
Statement of Financial Position Items:	Subsidiary company	Board of directors members	Management executives	Associate company	Other*	2021	2020
	JD	JD	JD	JD	JD	JD	JD
Total deposits for related parties	45,953,651	148,133,772	586,353	5,368,581	4,140,710	204,183,067	251,070,220
Total Bank deposits with related parties	36,666,163	387,209	-	21,215,895	-	58,269,267	75,010,424
Loans and credit facilities granted to related parties	-	-	1,348,417	-	3,841,801	5,190,218	3,823,250
Off-Statement of Financial Position Items:							
Letter of credit and guarantee	3,132,716	-	-	-	-	3,132,716	19,152,999
Managed account	6,418,493	-	-	-	-	6,418,493	4,762,824
Statement of Income Items:							
Credit interest and commission	196,494	-	50,583	36,146	205,648	488,871	928,152
Debit interest and commission	1,497,834	593,719	5,929	162,609	201,357	2,461,448	2,634,004

* This item represents employees' deposits and facilities for other than Board of Directors and executive management.

- Revenues and expenses balances and transactions between the Bank and the subsidiaries are eliminated.
- Interest expense rates ranges from 0% - 5.5% (current accounts included)
- Interest revenue rates ranges from 2% - 7%.
- All credit facilities granted to related parties are considered performing and consequently no related provisions have been booked.

The following is a summary of the benefits (salaries and remunerations plus other benefits) of the executive management of the Bank:

	2021	2020
	JD	JD
Salaries, remunerations and other benefits	1,486,049	1,794,977
Travel and transportation	9,592	1,963
Total	1,495,641	1,796,940

43. Risk Management

Risk is an integral part of the Bank's operations, the general framework of the Risk Management Department in the bank is to identify understand and evaluate risks associated with the Bank's operations, The Department also ensures that risk is maintained within approved and accepted limits and that the necessary measures are taken to reduce risk and attain a balance between risks and rewards,

The Risk Department's policies are developed in order to identify analyze control and place caps on risk, Moreover risk is also monitored through the Bank's risk database system,

The Bank periodically reviews the policies and procedures associated with the Risk Department in order to incorporate new market developments and practices best suited to the Bank's operations.

The Risk Management Department in the Bank is responsible for managing risk through close alignment of the policies and procedures authorized by the Bank's Board of Directors, Furthermore the Risk Committee which is emerged from the Board of Directors reviews the said department's activities and continually issues reports to the Board of Directors disclosing whether the risk is maintained according to the Bank's policies and approved and accepted risk levels.

The Assets and Liabilities Management Committee and Investment Committee also partake in risk management within the Bank, In addition all of the Bank's work centers are responsible for identifying the risks associated with their activities, They also set the necessary and appropriate risk controls; the most important risks are credit risk liquidity risk operation risk and market risk which also includes interest rate risk and currency risk.

The risk management framework comprises risk appetites statement, which is approved by the Board of Directors, and includes the accept-able risk limits and levels of risk tolerance, In addition, part of the risk framework is the stress testing g which is performed on the portfolio level to measure the extent of the Banks capability to withstand any shocks and high risks arising from applying the IFRS (9) standard.

Reports regarding the results of these tests to the risk management committee are submitted on a regular basis to assess their impact on capital and profits, and accordingly a periodic review is done to confirm the compatibility of the current applied with the reality.

Credit Risk:

Credit risk arises from the probable default or inability of the borrower or third party to fulfil its obligations to the Bank Moreover, this risk is one of the most important risks the Bank faces during the conduct of its activities, Therefore the Bank manages credit risk continuously this risk relates to items such as loans bonds and activity investments in debt instruments in addition to credit risk related to off- statement of financial position items such as unutilized loans guarantees and documentary credits,

Measurement of Credit Risk:

1. Debt Instruments

The external rating issued by the International Rating Institutions such as (Standard and Poor) and (Moody’s) or the like is used in managing exposure to credit risk relating to debt instruments,

This rating is within specific categories and as instructed by the regulatory authorities in the countries where the bank has its branches or subsidiaries,

2. Control on Risk Ceilings and Credit Risk Mitigation Policies

The Bank manages credit ceilings and controls the credit concentrations risks on the customers’ levels (individual or corporate) in addition to managing and controlling the exposure to credit risk for each sector or geographical area,

The Bank determines the accepted credit risk levels through installing ceilings for the acceptable risks relating to one borrower or a group of borrowers and for each sector or geographical area,

These risks are continuously controlled and are subject to annual/ periodic reviews in addition to controlling the actual exposure against the risk ceilings daily,

Credit Risk Mitigation Methods:

The Bank adopts several methods and practices to mitigate credit risk such as obtaining guarantees according to acceptable standards,

The most prevalent guarantees against loans and credit facilities are the following:

- Real estate mortgages,
- Mortgages of financial instruments such as shares,
- Bank guarantees
- Cash Collaterals
- Government guarantees

Moreover, the Bank adopts the following methods to improve the quality of credit and mitigate risks:

- A system of three approvals for granting a credit
- Credit approval authority that varies from one management level to another depending on the volume of the customer's portfolio extent of exposure maturity and customer's risk degree
- Complete segregation between credit management departments (business) credit control and analysis departments

Second: Quantitative Disclosures

(43/A) Credit Risk:

1-A Exposure to credit risks (after provision for impairment and interest in suspense and before collaterals and any other risk decreasing factors),

	2021	2020
	JD	JD
Statement of Financial Position items:		
Cash and balances at Central Bank of Jordan	257,373,420	178,951,591
Balances at banks and financial institutions – Net	261,592,947	312,142,659
Deposits at banks and financial Institutions – Net	-	14,184,877
Credit Facilities- Net:		
Individual	168,384,688	130,436,208
Real-estate loans	111,182,441	100,148,007
Large companies	452,987,965	464,636,546
Small and medium companies	36,185,123	37,698,065
Government & public sector	95,167,922	100,129,674
Bonds and Treasury Bills:		
Within financial assets at amortized Cost- net	734,689,621	687,643,018
Other assets	16,702,331	16,462,583
Total	2,134,226,458	2,042,433,228
Contingent liabilities:		
Letters of guarantee	90,366,836	96,162,291
Letters of credit	9,673,571	17,173,955
Acceptances	27,286,653	39,824,400
Un-utilized facilities	128,239,527	98,096,843
	255,566,587	251,257,489
Total	2,389,833,045	2,293,690,717

The Bank obtains cash and in-kind collaterals representing real estates and shares to mitigate credit risks to which the Bank might be exposed.

1-B Distribution of credit exposure:

The Bank's internal credit rating	Classification category based on (47/2009) instruction	Total exposure amount	Expected credit loss (ECL)	Probability of default (PD)	Rating according to external rating institutions	Exposure at default (EAD) in JD Millions*	Loss given default (LGD) %
		JD	JD				
2 - 7	Performing	873,892,539	11,462,149	2.4%	Moody's	873,892,539	27.2%
8 - 10	Non performing	12,251,755	7,549,393	100%	Moody's	12,251,755	35.6%

Regarding assets items within consolidated financial statements, the exposure mentioned above is based on the balance presented in the consolidated financial statements.

2. Credit exposure is distributed according to the degree of risk as follows:

31 December 2021	Individual	Housing loans	Large companies	Small and medium companies	Government and public sector	Banks and other financial institutions	Total
	JD	JD	JD	JD	JD	JD	JD
Low risk	11,413,259	1,438,311	56,214,390	271,949	1,062,966,925	-	1,132,304,834
Acceptable risk	152,670,661	105,941,350	359,028,103	29,332,905	18,366,272	268,394,531	933,733,822
From which past due:							
Up to 30 days	-	-	-	-	-	-	-
From 31 to 60 days	-	-	-	-	-	-	-
Watch list	9,431,321	3,855,159	49,806,983	10,012,175	5,106,565	-	78,212,203
Non-performing:							
Substandard	695,215	1,010,215	-	-	-	-	1,705,430
Doubtful	1,267,791	899,296	-	23,960	-	-	2,191,047
Loss	1,937,572	2,216,376	3,211,022	990,307	-	-	8,355,277
Total	177,415,819	115,360,707	468,260,498	40,631,296	1,086,439,762	268,394,531	2,156,502,613
Deduct: interest in suspense	1,009,191	1,402,234	35,116	778,072	-	-	3,224,613
Provision for impairment	6,672,600	1,902,079	6,816,431	3,565,587	54,845	-	19,011,542
Net	169,734,028	112,056,394	461,408,951	36,287,637	1,086,384,917	268,394,531	2,134,266,458

31 December 2020	Individual	Housing loans	Large companies	Small and medium companies	Government and public sector	Banks and other financial institutions	Total
	JD	JD	JD	JD	JD	JD	JD
Low risk	10,260,094	2,421,089	61,583,854	1,047,498	938,491,848	-	1,013,804,383
Acceptable risk	115,560,026	89,986,128	363,167,678	29,561,457	19,084,772	335,192,017	952,552,078
From which past due:							
Up to 30 days	-	-	-	-	-	-	-
From 31 to 60 days	-	-	-	-	-	-	-
Watch list	9,429,625	6,724,367	51,265,122	10,263,433	6,431,184	-	84,113,731
Non-performing:							
Substandard	399,486	696,387	-	-	-	-	1,095,873
Doubtful	2,459,732	1,556,623	-	39,895	-	-	4,056,250
Loss	857,390	2,836,274	5,489,440	1,084,947	-	-	10,268,051
Total	138,966,353	104,220,868	481,506,094	41,997,230	964,007,804	335,192,017	2,065,890,366
Deduct: interest in suspense	819,298	1,408,670	26,034	705,349	-	-	2,959,351
Provision for impairment	7,029,482	2,102,079	7,807,681	3,503,700	54,845	-	20,497,787
Net	131,117,573	100,710,119	473,672,379	37,788,181	963,952,959	335,192,017	2,042,433,228

* Exposures include credit facilities balances and deposits with banks and Treasury bonds and any assets of its credit exposures.

* The full balance of the debt owed in the event of a single maturity premiums or benefits and the overdraft is considered payable if it exceeds the ceiling.

3-A The following table breaks down the fair value of the collaterals held as security for credit facilities:

31 December 2021	Individual	Housing loans	Large companies	Small and medium companies	Government and public sector	Total
	JD	JD	JD	JD	JD	JD
Low risk	11,413,259	1,438,311	56,214,390	271,949	72,453,668	141,791,577
Acceptable risk	114,756,298	79,319,807	267,180,423	22,554,011	17,662,534	501,473,073
Watch list	-	3,808,024	4,561,341	6,249,752	-	14,619,117
Non- performing :						
Substandard grade	-	801,504	-	-	-	801,504
Doubtful	-	693,706	-	3,536	-	697,242
Loss	614,230	1,318,857	-	280,333	-	2,213,420
Total	126,783,787	87,380,209	327,956,154	29,359,581	90,116,202	661,595,933
As :						
Cash margins	11,413,259	32	3,591,890	271,949	-	15,277,130
Governmental guarantees	-	1,441,946	52,622,500	-	90,116,202	144,180,648
Real estate	110,222,672	85,938,231	243,101,902	29,087,632	-	468,350,437
Listed shares	5,147,856	-	28,639,862	-	-	33,787,718
Vehicles and equipment	-	-	-	-	-	-
Total	126,783,787	87,380,209	327,956,154	29,359,581	90,116,202	661,595,933
31 December 2020						
Low risk	10,260,094	2,421,089	61,583,854	1,047,498	76,090,800	151,403,335
Acceptable risk	87,619,793	67,810,156	270,750,011	23,047,337	17,662,535	466,889,832
Watch list	35,544	3,228,930	37,510,203	6,353,527	-	47,128,204
Non- performing :						
Substandard grade	-	661,832	-	-	-	661,832
Doubtful	-	1,407,036	-	-	-	1,407,036
Loss	790,825	2,723,940	4,040,000	835,198	-	8,389,963
Total	98,706,256	78,252,983	373,884,068	31,283,560	93,753,335	675,880,202
As :						
Cash margins	10,260,094	726,279	4,753,854	1,047,498	-	16,787,725
Governmental guarantees	-	1,694,810	56,830,000	-	93,753,335	152,278,145
Real estate	82,864,807	75,831,894	287,815,062	30,236,062	-	476,747,825
Listed shares	5,295,009	-	22,122,276	-	-	27,417,285
Vehicles and equipment	286,346	-	2,362,876	-	-	2,649,222
Total	98,706,256	78,252,983	373,884,068	31,283,560	93,753,335	675,880,202

3- B-1 Distribution of fair value of collateral against total credit exposures:

Item	Gross exposure amount	Fair value of collaterals							Net exposure after collaterals	Expected credit loss (ECL)
		Cash margin	Quoted shares	Accepted banking guarantees	Housing	Vehicles and machines	Others	Gross collateral amount		
Balances at central bank	257,373,420	-	-	-	-	-	-	-	257,373,420	-
Balances at banks and financial institutions	261,711,596	-	-	-	-	-	-	-	261,711,596	118,649
Deposits at banks and financial institutions	-	-	-	-	-	-	-	-	-	-
Credit facilities:										
Retail	176,066,479	11,413,259	5,147,856	-	110,222,672	-	-	126,783,787	49,282,692	6,672,600
Housing loans	114,486,754	32	-	-	85,938,231	-	1,441,946	87,380,209	27,106,545	1,902,079
Corporate	-	-	-		-	-	-	-	-	-
Large corporate	459,839,512	3,591,890	28,639,862	-	243,101,902	-	52,622,500	327,956,154	131,883,358	6,816,431
Small and medium entities	40,528,782	271,949		-	29,087,632	-	-	29,359,581	11,169,201	3,565,587
Government and public sector	95,222,767	-	-	-	-	-	90,116,202	90,116,202	5,106,565	54,845
Bonds and bills:										
Within financial assets at amortized cost	735,157,824	-	-	-	-	-	-	-	735,157,824	468,203
Within financial assets through other comprehensive income	-	-	-	-	-	-	-	-	-	-
Other assets	16,702,331	-	-	-	-	-	-	-	16,702,331	-
Total	2,157,089,465	15,277,130	33,787,718	-	468,350,437	-	144,180,648	661,595,933	1,495,493,532	19,598,394
Letters of guarantee	90,366,836	-	-	-	-	-	-	-	90,366,836	227,107
Letters of credit	9,673,571	-	-	-	-	-	-	-	9,673,571	64,027
Acceptances	27,286,653	-	-	-	-	-	-	-	27,286,653	275,606
Unutilized facilities	128,239,527	-	-	-	-	-	-	-	128,239,527	350,000
Grand total	2,412,656,052	15,277,130	33,787,718	-	468,350,437	-	144,180,648	661,595,933	1,751,060,119	20,515,134
Total comparative figures	2,317,654,707	16,787,725	27,417,285	-	476,747,825	2,649,222	152,278,145	675,880,202	1,641,774,505	21,916,379

3- B-2 The fair value of collateral against total stage 3 credit exposures

Item	Gross exposure stage 3	Fair value of collaterals							Net exposure after collaterals	Expected credit loss (ECL)
		Cash margin	Quoted shares	Accepted banking guarantees	Housing	Vehicles and machines	Others	Gross collateral amount		
Balances at central bank	-	-	-	-	-	-	-	-	-	-
Balances at banks and financial institutions	-	-	-	-	-	-	-	-	-	-
Deposits at banks and financial institutions	-	-	-	-	-	-	-	-	-	-
Credit facilities:										
Retail	3,900,578	-	550,351	-	63,879	-	-	614,230	3,286,348	2,788,756
Housing loans	4,125,888	-	-	-	2,814,067	-	-	2,814,067	1,311,821	917,829
Corporate	-		-		-	-		-	-	-
Large corporate	1,014,267	-	-	-	-	-	-	-	1,014,267	666,902
Small and medium entities	3,211,022	-	-	-	283,870	-	-	283,870	2,927,152	3,175,906
Government and public sector	-	-	-	-	-	-	-	-	-	-
Bonds and bills:										
Within financial assets at amortized cost	582,500	-	-	-	582,500	-	-	582,500	-	342,500
Within financial assets through other comprehensive income	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Total	12,834,255	-	550,351	-	3,744,316	-	-	4,294,667	8,539,588	7,891,893
Letters of guarantee	-	-	-	-	-	-	-	-	-	-
Letters of credit	-	-	-	-	-	-	-	-	-	-
Acceptances	-	-	-	-	-	-	-	-	-	-
Unutilized facilities	-	-	-	-	-	-	-	-	-	-
Grand total	12,834,255	-	550,351	-	3,744,316	-	-	4,294,667	8,539,588	7,891,893
Total comparative figures	16,002,674	-	790,825	-	7,887,630	2,362,876	-	11,041,331	4,961,343	7,994,966

3-B-3 Total reclassified exposures:

Item	Stage 2		Stage 3		Total reclassified exposures	Reclassified exposures
	Total exposure amount	Reclassified exposures	Exposure amount	Reclassified exposures		
	JD	JD	JD	JD	JD	%
Direct and indirect credit facilities	74,655,814	7,722,651	4,714,223	2,808,888	10,531,539	13.27%

3-B-4 ECL for reclassified facilities:

Item	Reclassified exposures			ECL for reclassified exposures		
	Reclassified exposures Stage 2	Reclassified exposures Stage 3	Total reclassified exposures	Stage 2 individual	Stage 3 individual	Total
	JD	JD	JD	JD	JD	JD
Direct and indirect credit facilities	7,722,651	2,808,888	10,531,539	279,285	35,435	314,720

Rescheduled loans:
These represent loans classified previously as non-performing and reclassified as performing but taken out therefrom according to proper scheduling and classified as watch list loans they amounted to JD 2,191,986 for the current year (JD 2,342, 287 for the previous year).

The balance of the rescheduled loans represents the loans which were rescheduled either still classified as watch list or transferred to performing.

Restructured loans:
Restructuring means to rearrange facilities instalments or by increasing their duration postpone some instalments or increase the grace period…etc, they are classified as a watch-list debt and there is not any restructuration for the current and previous year .

4. Bills bonds and debentures

A- The table below shows the classification of bills bonds and debentures according to external rating agencies:

Risk rating class	Rating agency	Included in assets at amortized cost
Government guaranteed bonds	Moody’s	715,949,732
Government guaranteed bonds B1	Moody’s	6,451,502
Companies Bond A1	Moody’s	709,427
Companies Bond Ba1	Moody’s	703,738
Companies Bond Ba3	Moody’s	2,994,299
Companies Bond Baa2	Moody’s	2,454,620
Companies Bond without classification	Moody’s	5,426,303
Total		734,689,621

B - Distribution of total debt instruments invested by the bank by categories internal credit rating of the bank:

	2021				2020
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Low risk (2-6)	734,575,324	-	-	734,575,324	687,448,721
Acceptable risk (7)	-	-	-	-	-
High risk (8-10)	-	-	582,500	582,500	582,500
Total	734,575,324	-	582,500	735,157,824	688,031,221

• The probability of default for the low risk ranges from 0-1.79% to 0-3% from the previous year.
• The probability of default for the high risk ranges from 100% compared to 100% from the previous year.

Movement to distribute the total debt instruments invested by the bank by categories of the bank's internal credit rating:

	2021				2020
	Stage 1	Stage 2	Stage 3	Total	
	JD	JD	JD	JD	JD
Balance as of 01 January 2021	687,448,721	-	582,500	688,031,221	713,067,910
New balances through the year	151,192,531	-	-	151,192,531	39,631,253
Recovered balances	(104,065,928)	-	-	(104,065,928)	(64,667,942)
Net transferred in stage 1	-	-	-	-	-
Net transferred in stage 2	-	-	-	-	-
Net transferred in stage 3	-	-	-	-	-
Changes through adjustments	-	-	-	-	-
Balance as of 31December 2021	734,575,324	-	582,500	735,157,824	688,031,221

The movement on the allocation of the expected credit losses of the debt instruments invested by the Bank is as follow::

	2021				2020
	Stage 1	Stage 2	Stage 3	Total	
	JD	JD	JD	JD	JD
Balance as of 01 January 2021	125,703	-	262,500	388,203	286,292
New balances through the year	-	-	80,000	80,000	127,135
Recovered balances	-	-	-	-	(25,224)
Balance as of 31December 2021	125,703	-	342,500	468,203	388,203

5.A- The schedule below shows he geograohical distribution of the credit risk exposure:

	Inside the Kingdom	Other Middle East Countries	Europe	Asia	Africa	America	Total
Balance at Central Bank of Jordan	257,373,420	-	-	-	-	-	257,373,420
Balances at banks and financial institutions	279,628	53,278,478	108,017,552	691,151	-	99,326,138	261,592,947
Deposits at banks and financial institutions	-	-	-	-	-	-	-
Credit facilities-net:	837,174,761	20,422,686	6,310,692	-	-	-	863,908,139
Bonds and bills:							
Financial assets at amortized cost	726,426,728	1,400,809	2,454,620	709,427	703,738	2,994,299	734,689,621
Within financial assets through other comprehensive income	-	-	-	-	-	-	-
Other assets	15,088,910	1,314,182	181,874	22,514	2,541	92,310	16,702,331
Total / Current year	1,836,343,447	76,416,155	116,964,738	1,423,092	706,279	102,412,747	2,134,266,458
Letters of guarantee	79,880,855	8,862,368	1,623,613	-	-	-	90,366,836
Letters of credit	6,690,576	2,982,995	-	-	-	-	9,673,571
Acceptances	26,066,002	1,220,651	-	-	-	-	27,286,653
Un-utilized facilities	121,595,936	6,643,591	-	-	-	-	128,239,527
Grand total	2,070,576,816	96,125,760	118,588,351	1,423,092	706,279	102,412,747	2,389,833,045
Total comparative figures	1,900,008,130	123,904,277	146,135,100	2,121,728	991,315	120,530,167	2,293,690,717

Exposure distribution according to IFRS 9- Net:

Item	Stage 1 Individual	Stage 1 Collective	Stage 2 Individual	Stage 2 Collective	Stage 3 Individual	Total
Inside Jordan	1,800,472,502	201,264,081	55,732,093	9,829,246	3,033,096	2,070,331,018
Other middle east countries	93,553,042	-	2,572,718	-	-	96,125,760
Europe	93,978,696	-	24,855,453	-	-	118,834,149
Asia	1,423,092	-	-	-	-	1,423,092
Africa	706,279	-	-	-	-	706,279
America	102,412,747	-	-	-	-	102,412,747
Total	2,092,546,358	201,264,081	83,160,264	9,829,246	3,033,096	2,389,833,045
Total Comparative Figures	2,009,119,473	179,841,558	88,063,266	10,064,230	6,602,190	2,293,690,717

5.B- The schedule below shows the credit risk exposure according to financial instruments:

Item	Finance	Industrial	Trade	Real Estate	Shares	Retail	Transportation	Hotel and Tourism	Governments and public sector	Total
Balances at Central Bank of Jordan	-	-	-	-	-	-	-	-	257,373,420	257,373,420
Balances at banks and financial institutions - Net	261,592,947	-	-	-	-	-	-	-	-	261,592,947
Deposits at banks and financial institutions - Net	-	-	-	-	-	-	-	-	-	-
Credit facilities - Net	8,138,962	185,862,179	285,059,918	111,182,441	849,349	168,384,688	5,427,884	3,834,796	95,167,922	863,908,139
Bonds and bills:										
Financial assets at amortized cost - Net	5,186,301	5,334,903	1,063,444	-	-	-	-	-	723,104,973	734,689,621
Other assets	1,615,282	952,441	1,108,804	873,953	15,247	1,349,340	23,521	25,141	10,738,602	16,702,331
Total / Current Year	276,533,492	192,149,523	287,232,166	112,056,394	864,596	169,734,028	5,451,405	3,859,937	1,086,384,917	2,134,266,458
Letters of guarantee	-	-	90,366,836	-	-	-	-	-	-	90,366,836
Letters of credit	-	-	9,673,571	-	-	-	-	-	-	9,673,571
Acceptances	-	-	27,286,653	-	-	-	-	-	-	27,286,653
Un-utilized ceilings	-	-	128,239,527	-	-	-	-	-	-	128,239,527
Grand Total	276,533,492	192,149,523	542,798,753	112,056,394	864,596	169,734,028	5,451,405	3,859,937	1,086,384,917	2,389,833,045
Total Comparative Figures	340,496,869	269,537,920	475,077,247	100,710,119	308,499	131,117,573	5,551,127	6,938,404	963,952,959	2,293,690,717

The distribution of the risk exposure according to the staging classification as per IFRS (9) - Net.

Item	Stage 1 Individual	Stage 1 Collective	Stage 2 Individual	Stage 2 Collective	Stage 3 Individual	Total
Finance	255,380,389	-	21,153,103	-	-	276,533,492
Industry	189,319,388	-	2,830,135	-	-	192,149,523
Trade	490,113,760	-	52,392,175	-	292,818	542,798,753
Real estate	53,657,391	53,159,437	1,257,529	1,755,353	2,226,684	112,056,394
Shares	864,596	-	-	-	-	864,596
Retail	12,601,862	148,116,505	428,174	8,073,893	513,594	169,734,028
Transportation	5,451,405	-	-	-	-	5,451,405
Hotels and Tourism	3,812,508	-	47,429	-	-	3,859,937
Government and public sector	1,081,333,198	-	5,051,719	-	-	1,086,384,917
Total	2,092,534,497	201,275,942	83,160,264	9,829,246	3,033,096	2,389,833,045
Total comparative figures	2,009,119,473	179,841,558	88,063,266	10,064,230	6,602,190	2,293,690,717

(43/B) Market Risks:

Market risk is the risk of the fluctuation in the fair value or cash flows of financial instruments due to changes in market prices such as interest rates, currency rates and stock prices, The risks subject to this requirement are foreign currency, risk price risk, commodity risk and market risks arise due to open positions for interest rate, foreign currency exchange rate, investment rate and share prices, These risks are controlled according to predetermined policies and procedures and through specialized committees and work centers.

Sensitivity analysis is based on estimating the loss risk in fair value due to changes in interest rate and exchange rate, Moreover, fair value is calculated according to the current value of future cash flows that will be affected by price changes.

Interest Rate Risks

Interest rate risk arises from the probable impact of changes in interest rates on the value of other financial assets, The Bank is exposed to the risk of interest rates due to a mismatch or a gap in the amounts of assets and liabilities according to the various time limits or review of interest rates in a certain period, Moreover, the Bank manages these risks through reviewing the interest rates on assets and liabilities based on the risk management strategy, The Bank will study all the factors that have an effect on the interest rates whether they are local regional or global in addition to studying the interest rate gap and their future expectations to determine the degree of risk in the short and long term so as to be able to put a suitable future plan and make the right decisions such as amending the maturity date and repricing the deposits and loans and the purchase and sale of the financial investments.

1. Interest Rate Risks:

Sensitivity Analysis 2021

Currency	Change (increase) in interest rate (%)	Sensitivity of interest revenue profit and (loss)	Sensitivity of shareholders' equity
		JD	JD
US Dollar	1	(909,705)	-
Euro	1	(569,906)	-
British Pound	1	54,936	-
Japanese Yen	1	(3)	-
Others	1	292,526	-

Currency	Change (decrease) in interest rate (%)	Sensitivity of interest revenue profit and (loss)	Sensitivity of shareholders' equity
		JD	JD
US Dollar	1	909,705	-
Euro	1	569,906	-
British Pound	1	(54,936)	-
Japanese Yen	1	3	-
Others	1	(292,526)	-

Sensitivity Analysis 2020

Currency	Change (increase) in interest rate (%)	Sensitivity of interest revenue profit and (loss)	Sensitivity of shareholders' equity
		JD	JD
US Dollar	1	(629,308)	-
Euro	1	(783,350)	-
British Pound	1	(89,960)	-
Japanese Yen	1	(2)	-
Others	1	265,734	-

Currency	Change (decrease) in interest rate (%)	Sensitivity of interest revenue profit and (loss)	Sensitivity of shareholders' equity
		JD	JD
US Dollar	1	629,308	-
Euro	1	783,350	-
British Pound	1	89,960	-
Japanese Yen	1	2	-
Others	1	(265,734)	-

2. Foreign Currencies Risk

This is the risk that results from the changes in foreign exchange rates with potential impact on the Bank's assets and liabilities in foreign currencies The Bank prepares a sensitivity analysis to monitor the changes in exchange rates at (± 5%) of net profits and losses.

Sensitivity Aanalysis 2021

Currency	Change in currency exchange rate (%)	Effect on profits and losses	Sensitivity of shareholders' equity
		JD	JD
Euro	5	7,745	-
British Pound	5	109,882	1,097,128
Japanese Yen	5	1,053	-
Other currencies	5	539,200	-

Sensitivity Analysis 2020

Currency	Change in currency exchange rate (%)	Effect on profits and losses	Sensitivity of shareholders' equity
		JD	JD
Euro	5	1,862	-
British Pound	5	25,865	1,074,502
Japanese Yen	5	908	-
Other currencies	5	268,131	-

In case the decrease in the currency exchange rate amounts to 5% the same financial effect will result with an opposite sign.

3. Shares Prices Risks

Is the risk arising from changes in the prices of stocks within the portfolio of financial assets at fair value through the statement of income and comprehensive income, The Bank manages the risks of stock prices by analysing value at losses.

Sensitivity Analysis 2021

Indicator	Change in Equity Prices (%)	Effect on Profit and Losses	Effect on Shareholders
		JD	JD
Amman Stock Exchange	5	80,321	694,816

Sensitivity Analysis 2020

Indicator	Change in Equity Prices (%)	Effect on Profit and Losses	Effect on Shareholders
		JD	JD
Amman Stock Exchange	5	62,302	562,964

If the stock exchanges indicator decreases by the same percentage, the same financial effect will arise but with an opposite sign.

4. Interest Rate Sensitivity Gap:

Classification is done according to interest re-pricing or maturity whichever is closer.

31 December 2021	Less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From1 to 3 years	Over 3 years	Non - interest bearing Items	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Assets								
Cash and balances at Central Bank of Jordan	276,823,156	-	-	-	-	-	-	276,823,156
Balances at banks and financial institutions - Net	16,274,132	34,599,040	-	-	-	-	210,719,775	261,592,947
Deposits at banks and financial institutions - Net	-	-	-	-	-	-	-	-
Financial assets at fair value through profit or loss-Net	-	-	-	-	-	-	19,954,887	19,954,887
Direct credit facilities- Net	19,987,764	54,914,061	85,701,941	73,998,939	196,499,834	432,805,600	-	863,908,139
Financial assets at amortized cost- Net	7,927,432	43,397,404	43,008,524	67,897,412	95,646,374	476,812,475	-	734,689,621
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	1,606,418	1,606,418
Investments in associate company	-	-	-	-	-	-	22,169,467	22,169,467
Property and equipment – Net	-	-	-	-	-	-	72,329,253	72,329,253
Intangible assets – Net	-	-	-	-	-	-	1,743,276	1,743,276
Deferred tax assets	-	-	-	-	-	-	3,325,878	3,325,878
Other assets	-	-	-	-	-	-	42,778,428	42,778,428
Total assets	321,012,484	132,910,505	128,710,465	141,896,351	292,146,208	909,618,075	374,627,382	2,300,921,470
Liabilities								
Banks and financial institution deposits	450,742,163	35,043,000	-	45,000,000	29,000,000	-	-	559,785,163
Customers› deposits	577,712,144	220,795,766	100,278,399	85,806,619	130,032	41,437	212,459,974	1,197,224,371
Borrowed funds from the Central Bank of Jordan	157,830,245	-	34,383,633	2,904,363	15,061,244	9,377,663	-	219,557,148
Cash Collaterals	11,311,469	8,444,101	4,089,700	8,974,987	351,253	155,504	7,947,347	41,274,361
Sundry provisions	-	-	-	-	-	-	796,252	796,252
Income tax provisions	-	-	-	-	-	-	8,649,454	8,649,454
Other liabilities	-	-	-	-	-	-	44,732,607	44,732,607
Total Liabilities	1,197,596,021	264,282,867	138,751,732	142,685,969	44,542,529	9,574,604	274,585,634	2,072,019,356
Interest rate sensitivity gap	(876,583,537)	(131,372,362)	(10,041,267)	(789,618)	247,603,679	900,043,471	100,041,748	228,902,114
31 December 2020								
Total Assets	359,882,136	183,917,416	119,702,548	117,615,574	375,523,793	643,160,136	400,402,479	2,200,204,082
Total Liabilities	1,136,061,214	250,555,690	114,464,980	101,480,806	74,453,326	25,395,225	273,219,148	1,975,630,389
Interest rate sensitivity gap	(776,179,078)	(66,638,274)	5,237,568	16,134,768	301,070,467	617,764,911	127,183,331	224,573,693

5. Foreign Currency Sensitivity Gap:

Item/Currency	USD	Euro	Sterling Pounds	Japanese Yen	Others	Total
	JD	JD	JD	JD	JD	JD
31 December 2021						
Assets:						
Cash and balances at Central Bank of Jordan	22,328,850	1,312,031	276,179	123	837,590	24,754,773
Balances and deposits at banks and financial institutions	121,686,959	102,074,652	12,575,965	22,337	25,054,903	261,414,816
Direct credit facilities	219,875,517	7,217,829	-	-	39,674,958	266,768,304
Financial securities at amortized cost	168,999,568	4,085,839	-	-	-	173,085,407
Financial assets through Comprehensive Income	35,672	-	-	-	-	35,672
Investments in associate company	-	-	22,169,467	-	-	22,169,467
Property and equipment - net	1,907,221	-	-	-	-	1,907,221
Other assets	26,563,953	200,989	64,136	-	(21,852,260)	4,976,818
Total Assets	561,397,740	114,891,340	35,085,747	22,460	43,715,191	755,112,478
Liabilities:						
Banks and financial institutions deposits	261,580,774	77,926,304	999,142	-	40,087	340,546,307
Customers' deposits	303,087,236	32,884,459	11,662,805	1,316	30,989,794	378,625,610
Cash Margins	6,476,640	2,185,108	225,598	-	1,729,868	10,617,214
Sundry provisions	440,593	-	-	-	-	440,593
Income Tax Provision	259,712	-	-	-	-	259,712
Other liabilities	2,780,310	1,740,564	11,278	78	171,438	4,703,668
Retained earnings	76,814	-	-	-	-	76,814
Non - Controlling Interest	18,823,837	-	-	-	-	18,823,837
Total Liabilities	593,525,916	114,736,435	12,898,823	1,394	32,931,187	754,093,755
Net concentration on - balance sheet for the current year	(32,128,176)	154,905	22,186,924	21,066	10,784,004	1,018,723
Contingent liabilities off - balance sheet for the current year	192,625,960	11,145,877	103,843	121,195	43,473,128	247,470,003
31 December 2020						
Total Assets	579,287,071	149,403,281	51,053,177	22,206	67,547,092	847,312,827
Total Liabilities	599,739,811	149,363,337	29,040,805	4,048	62,184,480	840,332,481
Net concentration on - balance sheet for the current year	(20,452,740)	39,944	22,012,372	18,158	5,362,612	6,980,346
Contingent liabilities off - balance sheet for the current year	204,086,239	10,108,562	123,727	-	25,319,906	239,638,434

(43/C) Liquidity Risk:

Liquidity risk is defined as the Bank's inability to provide the necessary funding to cover its obligations at the due date, Liquidity risk is managed through the following:

- Funding requirements are managed through daily oversight of future cash flows to ensure the possibility of meeting them and the Bank maintains a presence in the market of cash that allows the bank to achieve it.
- Holding highly marketable assets that can be easily liquidated to meet any unexpected liquidity requirements.
- Monitoring the liquidity ratios according to the internal requirements and the requirements of the regulatory authorities.
- Managing concentrations in assets / liabilities and their maturities.
- Maintaining a portion of customers' deposits as a cash reserve at the Central Bank of Jordan; this reserve cannot be disposed of except for certain conditions as specified by the Central Bank of Jordan,
- Liquidity is measured on the basis of normal and emergency conditions, this includes analyzing the remaining period of the contractual maturity and financial assets on the basis of the expected recoverability, also the liquidity ratio is controlled by the bank management and the CBJ is informed with all related issues half-yearly.

The following table shows the components of liquidity coverage ratio as of 31 December 2021:

	Before applying average cash flow	After applying average cash flow*
High Quality Liquid Assets	970,814,037	962,282,940
Cash Outflows	1,754,886,451	757,799,344
Cash Inflows	516,209,835	288,575,216
Net cashflow	1,238,676,616	469,224,128
Maximum limit adjustments for levels (A + B)	-	-
Cash inflows and cash outflows resulting from derivatives	-	-
Cash inflows and cash outflows resulting from reduction of collateral placed against derivatives	-	-

* The flow rates represent the weighting weights for each of the items related to the liquidity coverage ratio according to the liquidity coverage ratio instructions No. (5/2020) issued by the Central Bank of Jordan.

The balance of total high quality liquid assets after adjustments is 962,282,940 and net cash outflow is 469,224,128 so the liquidity coverage ratio is 205.1% as of 31 December 2021.

According to the Central Bank's instructions, the minimum liquidity coverage ratio is 100%. Accordingly, the monthly average (from January 1, 2021 to December 31, 2021) of the total currencies of the banking group amounted to 162.83%.

The Treasury department is in charge of controlling the liquidity of the Bank taking into consideration loans and any related commitments letters of credit and guarantees.

Sources of funds

The Bank diversifies its funding sources according to geographical areas, currencies customers, and products in order to achieve financial flexibility and reduce funding costs, It also endeavors to maintain stable and reliable funding sources, Moreover the Bank has a large customer base including individual customers companies and corporations.

1- The table below summarizes the distribution of liabilities (not deducted) on the basis of the remaining period of contractual maturity on the date of the financial statements.

31 December 2021	Less than 1 Month	From 1 to 3 Months	From 3 to 6 Months	From 6 Months to 1 year	From 1 to 3 Years	Over 3 Years	Without Maturity	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Liabilities:								
Banks' and financial institution's deposits	450,751,163	35,181,153	-	46,419,349	31,088,809	-	-	563,440,474
Customers' deposits	578,099,076	221,161,135	100,655,399	89,717,637	831,367	61,621	212,459,974	1,202,986,209
Borrowed funds from the Central Bank of Jordan	157,830,245	-	34,383,633	2,904,363	15,061,244	9,377,663	-	219,557,148
Cash margins	11,318,214	8,446,081	4,089,749	9,119,662	352,763	162,949	7,947,347	41,436,765
Sundry provisions	-	-	-	-	-	-	796,252	796,252
Income tax provision	2,275,027	5,309,750	-	-	-	-	1,064,677	8,649,454
Other liabilities	7,565,331	-	-	-	-	-	37,167,276	44,732,607
Total	1,207,839,056	270,098,119	139,128,781	148,161,011	47,334,183	9,602,233	259,435,526	2,081,598,909
Total assets (according to expected maturities)	1,031,902,044	89,513,101	85,701,941	74,704,346	202,258,339	442,214,317	374,627,382	2,300,921,470

31 December 2020	Less than 1 Month	From 1 to 3 Months	From 3 to 6 Months	From 6 Months to 1 year	From 1 to 3 Years	Over 3 Years	Without Maturity	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Liabilities:								
Banks' and financial institution's deposits	498,189,932	25,582,740	2,174,875	-	78,808,510	-	-	604,756,057
Customers' deposits	533,906,481	212,967,194	108,949,827	97,579,172	394,108	63,647	226,379,160	1,180,239,589
Borrowed funds from the Central Bank of Jordan	95,537,367	-	-	-	-	25,092,265	-	120,629,632
Cash margins	8,522,274	12,638,398	4,201,664	8,064,639	93,454	271,281	7,528,807	41,320,517
Sundry provisions	-	-	-	-	-	-	702,561	702,561
Income tax provision	1,606,891	5,225,395	-	-	-	-	599,033	7,431,319
Other liabilities	11,434,184	-	-	-	-	-	19,743,117	31,177,301
Total	1,149,197,129	256,413,727	115,326,366	105,643,811	79,296,072	25,427,193	254,952,678	1,986,256,976
Total assets (according to expected maturities)	1,029,385,349	129,265,869	101,008,440	92,805,451	198,033,881	249,302,613	400,402,479	2,200,204,082

2. The following table summarizes forward currency contracts based on the remaining period to the contractual maturity date on the date of the financial statements:

31 December 2021	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 Months to 1 Year	1 to 3 Years	Over 3 Years	Total	Fair Value
	JD	JD	JD	JD	JD	JD	JD	JD
Forward currency contracts	4,107,701	6,799,597	18,881,935	23,595,955	-	-	53,385,188	105,497
31 December 2020								
Forward currency contracts	12,040,753	198,532	10,013,575	35,050,069	-	-	57,302,929	108,906

Off - the statement of financial position items:

	Up to 1 Year	From 1 - 5 Years	Over 5 Years	Total
	JD	JD	JD	JD
31 December 2021				
Letters of credit and acceptances / issued	48,873,993	-	-	48,873,993
Un-utilized facilities	128,239,527	-	-	128,239,527
Letters of guarantee	77,945,772	12,398,064	23,000	90,366,836
Total	255,059,292	12,398,064	23,000	267,480,356
31 December 2020				
Letters of credit and acceptances / issued	65,964,012	-	-	65,964,012
Un-utilized facilities	98,096,843	-	-	98,096,843
Letters of guarantee	86,708,352	9,430,939	23,000	96,162,291
Total	250,769,207	9,430,939	23,000	260,223,146

44. Segment Analysis

Information about the Bank's Business Segments

The Bank is organized for administrative purposes to the following four main business segments:

1- Individual accounts:
Include following up on individual customers accounts, real estate loans, overdrafts, credit cards facilities and transfer facilities.

2- Institutions and corporate:
The loans and the credit facilities, other sector services, deposits, currant accounts related to the customers of the corporations and institutions.

3- Treasury:
Principally providing money market trading and treasury services as well as management of the Bank's funding operations through treasury bills, and bond government securities placements, and acceptances with other banks and that is through treasury and banking services.

4- Institutional financing:
This sector relates to finance structure special arrangements and share issuance.

A- The Following represents information about the bank's sector activities:

	Individual bank sector activities	Corporate bank sector activities	Treasury	Others	Total	
					2021	2020
	JD (In Thousands)	JD (In Thousands)	JD (In Thousands)	JD (In Thousands)	JD (In Thousands)	JD (In Thousands)
Gross revenues	20,441	31,767	41,820	4,548	98,576	102,514
Investment in associate company	-	-	395	-	395	517
Provision for impairment	(690)	(415)	(80)	-	(1,185)	(13,039)
Segment results	19,751	31,352	42,135	4,548	97,786	89,992
Undistributed expenses	-	-	-	-	(69,279)	(72,967)
Income before tax	-	-	-	-	28,507	17,025
Income tax expense	-	-	-	-	(10,344)	(5,488)
Net income for the period	-	-	-	-	18,163	11,537
Capital expenditures	-	-	-	-	2,564	2,165
Depreciation and amortization	-	-	-	-	4,336	4,150

					2021	2020
					JD	JD
Segment's assets	247,630	616,278	1,294,667	-	2,158,575	2,061,905
Investments in associate Company	-	-	22,169	-	22,169	22,007
Undistributed assets	-	-	-	120,177	120,177	116,292
Total assets	247,630	616,278	1,316,836	120,177	2,300,921	2,200,204
Segment's liabilities	860,251	378,247	779,342	-	2,017,840	1,936,319
Undistributed liabilities	-	-	-	54,179	54,179	39,311
Total Liabilities	860,251	378,247	779,342	54,179	2,072,019	1,975,630

B- Geographical Information

This item represents the geographical distribution of the Bank's activities, Moreover, the Bank conducts its activities mainly in Jordan representing local activities, additionally, the Bank performs its international activities through its branch in Cyprus, and its subsidiary in Qatar.

The following table shows the distribution of the Bank's operating income, total assets and capital expenditure by geographical segment:

	Inside Jordan		Outside Jordan		Total	
	2021	2020	2021	2020	2021	2020
	JD	JD	JD	JD	JD	JD
Total revenues	91,812,574	93,018,778	7,158,531	10,012,082	98,971,105	103,030,860
Capital expenditure	2,500,708	1,833,229	63,740	331,777	2,564,448	2,165,006

	Inside Jordan		Outside Jordan		Total	
	2021	2020	2021	2020	2021	2020
	JD	JD	JD	JD	JD	JD
Total Assets	1,965,244,360	1,796,087,405	335,677,110	404,116,677	2,300,921,470	2,200,204,082

45. Capital Management

The Bank seeks to achieve the following goals:

- Compliance with the Central Bank of Jordan requirements relating to share capital.
- Maintaining the ability to continue as a going concern.
- Maintaining a strong capital base for supporting the expansion and development of the Bank's activities.

Capital adequacy is monitored and reviewed by the Bank's management moreover the Bank provides the Central Bank of Jordan with quarterly reports on the adequacy of its capital.

According to the Central Bank of Jordan instructions the minimum requirements for the capital adequacy ratio is 12%, Moreover, banks are classified into five categories the best one having an average capital adequacy ratio equal to or more than 14%. The bank is subject to domestic systemically important banks (D-SIBs) instructions issued by the central bank of Jordan, the bank has to comply with a minimum capital adequacy rate of 14.5%. Additionally the Bank's capital adequacy ratio is 17.43% as of 31 December 2021 (15.80% as of 31 December 2020).

The schedule below shows capital components total risk weighted assets and capital adequacy ratio according to the Central Bank of Jordan instructions in accordance with Basel III 2021 Committee regulations:

Primary capital according to bank's management requirements	2021 JD In Thousands	2020 JD In Thousands
Paid-up capital	150,000	150,000
Retained Earnings	11,204	11,649
Other Comprehensive income items:		
Cumulative change in fair value	(973)	(3,080)
Foreign currency translation adjustments	(2,385)	(2,152)
Share Issuance Premium	-	-
Statutory Reserve	37,232	34,697
Authorized minority rights	4,238	4,706
Total Ordinary Share Capital	199,316	195,820
Total regulatory Adjustments (deductions from capital)		
Goodwill and Intangible assets	(1,742)	(1,791)
Deferred tax assets resulting from provisions of credit facilities	(3,326)	(3,357)
Investment in Bank's Capital and financial institutions and insurance companies Outside the scope of regulatory consolidation and where the bank owns more than 10%	(2,745)	(2,939)
Net Ordinary Shareholders	191,503	187,733
Additional Capital	-	-
Total primary Capital	191,503	187,733
Secondary Capital		
General banking risk reserve	-	-
Provision required against credit facilities/ credit compensation in stage 1	7,170	7,162
Total Stable Capital	7,170	7,162
Net stable capital	7,170	7,162
Total regulatory capital	198,673	194,895
Total risk weighted assets	1,139,681	1,233,485
Capital adequacy ratio %	17.43%	15.80%
Primary capital ratio %	16.80%	15.22%

46. Accounts Managed On Behalf Of Customers

This item represents the accounts managed by the Bank on behalf of its customers but are not considered part of the bank's assets and its balances as of 31 December 2021 was JD 56,057,315 (JD 47,796,703 as of 31 December 2020), The fees and commissions on such accounts are stated in the consolidated statement of Income.

47. Assets and Liabilities maturity analysis::

The following table analyzes assets and liabilities according to the expected period of their recoverability or settlement:

31 December 2021	Up to 1 year	Over 1 year	Total
	JD	JD	JD
Assets			
Cash and balances at Central Bank of Jordan	276,823,156	-	276,823,156
Balances at banks and financial institutions - net	261,592,947	-	261,592,947
Financial assets at fair value through other comprehensive income	19,954,887	-	19,954,887
Financial assets at fair value through Profit or Loss	1,606,418	-	1,606,418
Direct Credit facilities- Net	340,444,417	523,463,722	863,908,139
Financial assets at amortized cost	719,522,399	15,167,222	734,689,621
Investments in associate company	-	22,169,467	22,169,467
Property and equipment-Net	-	72,329,253	72,329,253
Intangible assets-Net	-	1,743,276	1,743,276
Deferred tax assets	-	3,325,878	3,325,878
Other assets	-	42,778,428	42,778,428
Total assets	1,619,944,224	680,977,246	2,300,921,470
Liabilities			
Banks and financial institutions’ deposits	530,785,163	29,000,000	559,785,163
Customers' deposits	818,511,487	378,712,884	1,197,224,371
Borrowed money from Central Bank of Jordan	195,118,241	24,438,907	219,557,148
Cash margins	40,767,604	506,757	41,274,361
Sundry provisions	-	796,252	796,252
Income tax provision	7,584,777	1,064,677	8,649,454
Other liabilities	7,565,331	37,167,276	44,732,607
Total liabilities	1,600,332,603	471,686,753	2,072,019,356
Net	19,611,621	209,290,493	228,902,114

31 December 2020	Up to 1 Year	Over 1 Year	Total
	JD	JD	JD
Assets:			
Cash and balances at Central Bank of Jordan	196,441,026	-	196,441,026
Balances at banks and financial institutions - net	312,142,659	-	312,142,659
Deposits at banks and financial institutions- net	14,184,877	-	14,184,877
Financial assets at fair value through other comprehensive income	17,198,214	-	17,198,214
Financial assets at fair value through Profit or Loss	1,246,038	-	1,246,038
Direct Credit facilities- Net	475,442,583	357,605,917	833,048,500
Financial assets at amortized cost	673,754,153	13,888,865	687,643,018
Investments in associate company	-	22,007,354	22,007,354
Property and equipment-Net	-	74,229,898	74,229,898
Intangible assets-Net	-	1,790,547	1,790,547
Deferred tax assets	-	3,356,646	3,356,646
Other assets	-	36,915,305	36,915,305
Total assets	1,690,409,550	509,794,532	2,200,204,082
Liabilities:			
Banks and financial institutions' deposits	525,806,480	74,000,000	599,806,480
Customers' deposits	995,768,528	178,951,546	1,174,720,074
Borrowed money from Central Bank of Jordan	95,537,367	25,092,265	120,629,632
Cash margins	40,816,867	346,155	41,163,022
Sundry provisions	-	702,561	702,561
Income tax provision	6,832,286	599,033	7,431,319
Other liabilities	11,434,184	19,743,117	31,177,301
Total liabilities	1,676,195,712	299,434,677	1,975,630,389
Net	14,213,838	210,359,855	224,573,693

48. Fair Value Hierarchy

A. Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis.

Some of the financial assets and financial liabilities are measured at fair value at the end of each reporting period, The following table gives information about how the fair value of these financial assets and financial liabilities are determined (valuation techniques and key inputs).

Financial Assets/Financial Liabilities	Fair Value as at		Fair Value Hierarchy	Valuation techniques and key inputs	Significant Intangible	Relationship of Intangible Inputs to fair value
	2021	2020				
	JD	JD				
Financial assets at fair value						
Financial assets at fair value through profit or loss						
Quoted corporate equity shares	1,606,418	1,246,038	Level 1	quoted rates in financial markets instruments	Not Applicable	Not Applicable
Total	1,606,418	1,246,038				
Financial assets at fair value through comprehensive income						
Quoted shares	13,896,318	11,259,280	Level 1	quoted rates in financial markets	Not Applicable	Not Applicable
Unquoted shares	6,058,569	5,938,934	Level 2	compare to similar financial instruments	Not Applicable	Not Applicable
Total	19,954,887	17,198,214				

There were no transfers between level 1 and 2 during 2021 and 2020.

B. Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis.

Except what is detailed in following table we believe that the carrying amounts of financial assets recognized in the Company's financial statements approximate their fair values, due to that the bank's management believes that the item's book value are equals to the fair val-ue which is due to its Short term maturity or to the interest rates being revaluated during the year.

	2021		2020		Fair value hierarchy
	Book value	Fair value	Bookvalue	Fair value	
	JD	JD	JD	JD	JD
Financial assets not calculated at fair value					
Balances at central banks	257,373,420	257,373,420	178,951,591	178,951,591	level 2
Balances at banks and financial institutions	261,592,947	261,737,066	312,142,659	312,275,782	level 2
Deposits at banks and financial institutions	-	-	14,184,877	14,221,264	level 2
Loans and other bills	863,908,139	869,441,645	833,048,500	837,747,783	level 2
Financial assets at amortized costs	734,689,621	745,584,405	687,643,018	698,394,729	level 1&2
Total Financial assets not calculated at fair value	2,117,564,127	2,134,136,536	2,025,970,645	2,041,591,149	
Liabilities not calculated at fair value					
Banks and financial institution deposits	559,785,163	562,393,347	599,806,480	601,497,274	level 2
Customer deposits	1,197,224,371	1,201,898,857	1,174,720,074	1,178,522,655	level 2
Borrowed money from the central bank of Jordan	219,557,148	120,629,632	120,629,632	120,629,632	level 2
Cash margins	41,274,361	41,464,184	41,163,022	41,360,664	level 2
Total Liabilities not Calculated at Fair Value	2,017,841,043	1,926,386,020	1,936,319,208	1,942,010,225	

The fair values of the financial assets included in level 2 and 3 categories above have been determined in accordance with the generally accepted pricing.

49. Commitments and Contingent Liabilities (Off-Statement of Financial Position)

A. Contingent liabilities:

	2021	2020
	JD	JD
Letters of credit		
Export	8,183,559	14,302,381
Import (confirmed)	1,490,012	2,871,574
Import (not confirmed)	65,025,504	58,442,451
Acceptance		
Export / letter of credit	27,286,653	39,824,400
Export (Bill of collection)	13,403,781	11,837,231
Import (not confirmed)	14,000,446	3,360,582
Letters of guarantee		
Payments	37,732,434	37,889,436
Performance	32,081,946	34,915,856
Other	20,552,456	23,356,999
Forward contracts	53,385,188	57,302,929
Un-utilized facilities	128,239,527	98,096,843
Total	401,381,506	382,200,682

B. There are no contractual commitments to purchase fixed assets or constructional contracts.

C. There are no guarantees provided against contractual obligations.

D. Operating and finance lease contracts.

The minimum capital lease payment is as follows:

	2021	2020
	JD	JD
Within one year	119,776	119,776
Total	119,776	119,776

50. Lawsuits Against the Bank

The lawsuits against the Bank amounted to JD 6,263,665 as of 31 December 2021 (6,708,587 as of 31 December 2020) which represents lawsuits that clients have raised to respond to lawsuits that the Bank has raised against them in the opinion of the Bank's lawyer the Bank will not incur any significant amounts against these lawsuits except for the booked provision which amounted to JD 270,687 as of 31 December 2021 (160,417 as of 31 December 2020), Moreover, the amounts paid by the Bank against concluded or settled lawsuits are taken to the statement of income upon payment.

51. Comparative Figures

Some amounts were reclassified from the comparative figures in order to align with the figures for the year ending 31 December 2020, with no effect on profit or equity in the period.

52. New International Financial Reporting Standards and its Explanations and Issued Amendments and not Implemented Yet

The standards and interpretations that are issued but not yet effective, up to the date of issuance of the Bank's financial statements are disclosed below, The Bank intends to adopt these standards, if applicable, when they become effective.

IFRS 17 Insurance Contracts

IIn May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) which was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach).
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement,
- That a right to defer must exist at the end of the reporting period,
- That classification is unaffected by the likelihood that an entity will exercise its deferral right,
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively.

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.
The amendments are not expected to have a material impact on the Bank.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Bank.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Bank will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

The amendments are not expected to have a material impact on the Bank.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter
As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

The amendments is not applicable to the Bank.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

The amendments are not expected to have a material impact on the Bank.

IAS 41 Agriculture – Taxation in fair value measurements
As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted.

The amendments are not expected to have a material impact on the Bank.

Definition of Accounting Estimates - Amendments to IAS 8
In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Bank.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Bank is currently assessing the impact of the amendments to determine the impact they will have on the Bank's accounting policy disclosures.

Domestic and International Branches, Offices, Subsidiaries, and Affiliated Bank

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Passports 2
Transit
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Al-Omari Exchange Office
Al-Omari Border Point

SUBSIDIARIES AND AFFILIATED BANK

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